



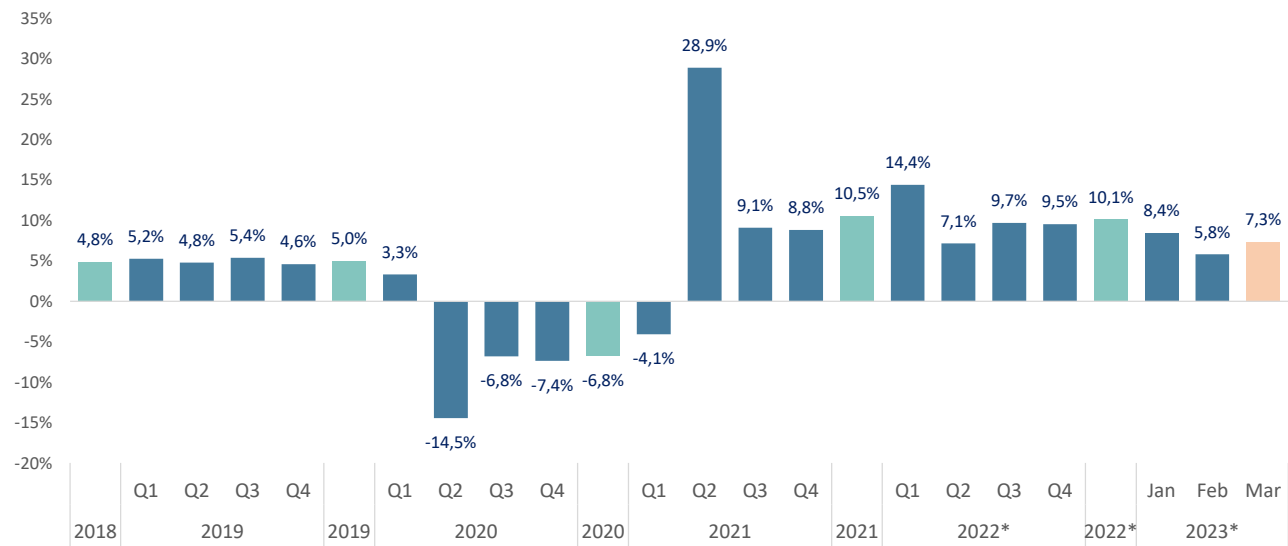
Current Economic Outlook

April, 2023

- In March 2023, the real GDP growth rate was 7.3 percent and average growth rate of the first three months of 2023 was 7.2 percent, according to the preliminary estimates of the National Statistics Office.
- In April, annual inflation stood at 2.7 percent, while core inflation was 4.7 percent
- In March, exports increased by 32.9 percent year-on-year and imports increased by 33.4 percent year-on-year, increasing the trade deficit by 33.7 percent year-on-year to 688 million USD
- For March, the real effective exchange rate appreciated by 17.5 percent compared to the same period of the previous year and by 2.3 percent compared to the previous month
- There was no monetary policy committee meeting in April and the monetary policy rate is still at 11.0 percent

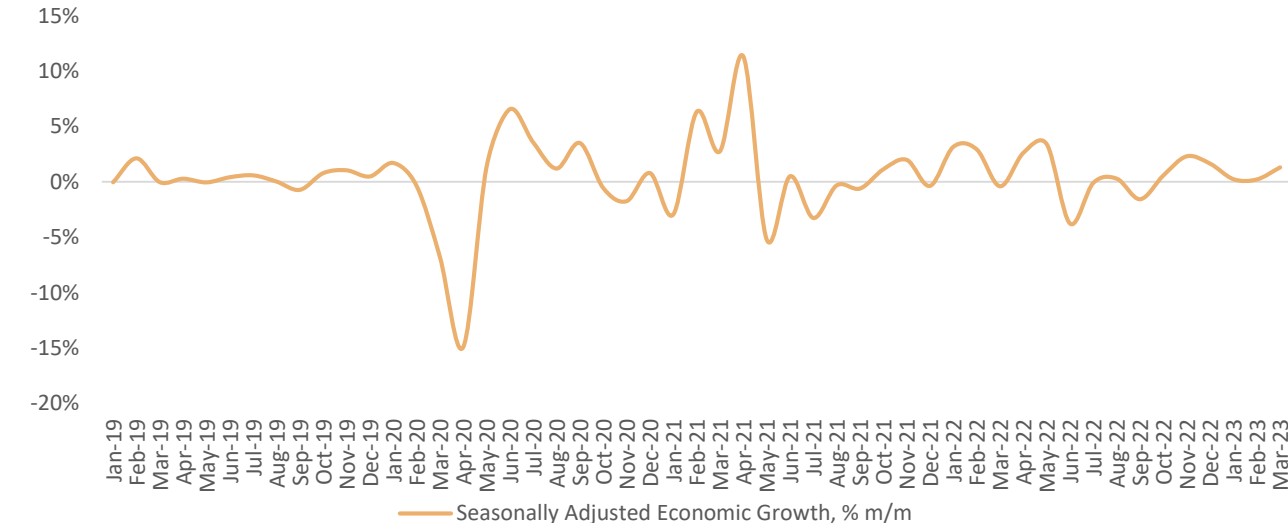
Economic Growth in March was equal to 7.3 percent

Economic Growth, % y/y

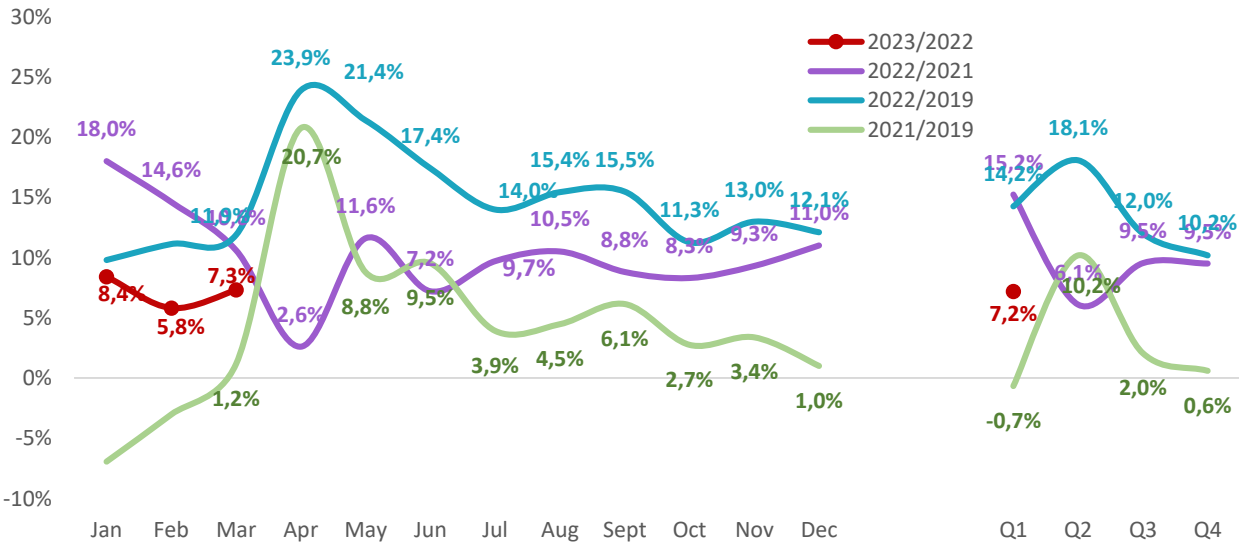


- Estimated real GDP growth rate in March 2023 equaled 7.3 percent YoY and average annual real GDP growth rate for the 1st quarter of 2023 equals to 7.2 percent. Seasonally adjusted economic growth in March comparing to the previous month was 1.3 percent.
- In March 2023 the estimated real growth compared to the same period of the previous year was observed in the following activities: Construction, financial and insurance activities, transport and storage, trade.
- A decline was registered in the fields of in the manufacturing, energy and real estate sectors.

Economic Growth, % m/m



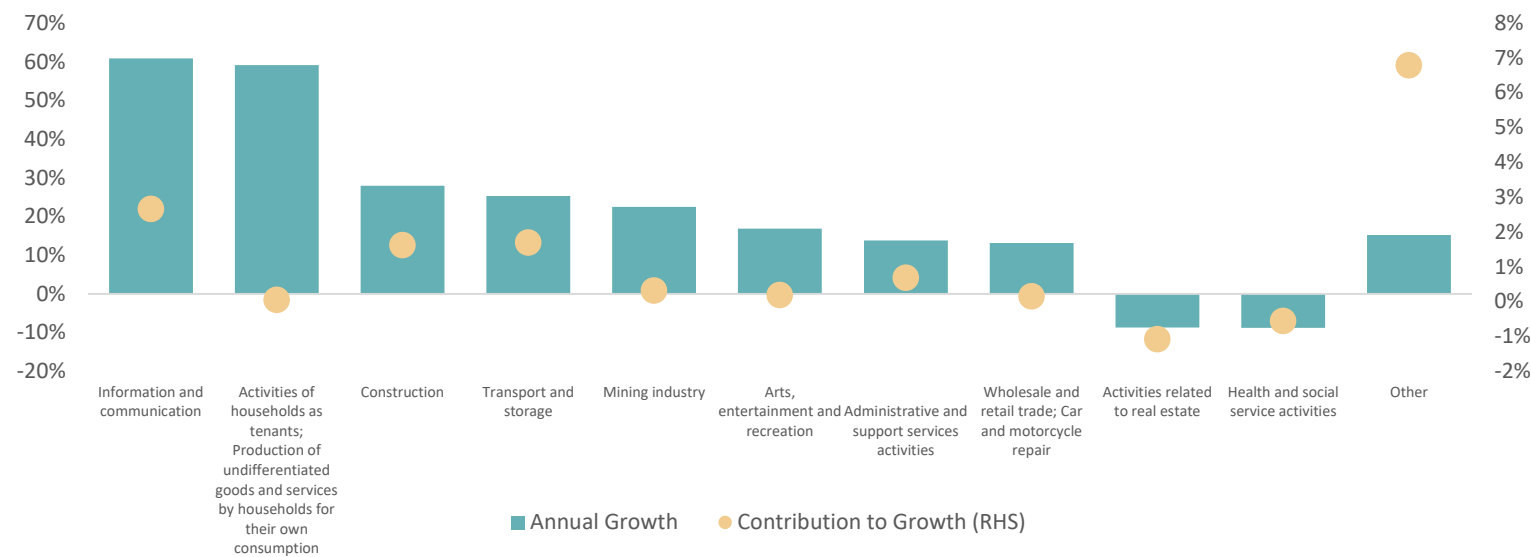
Economic Growth, 2023-2019



Source: Geostat, MOF

According to preliminary estimates, real GDP increased by 9.5 percent in the fourth quarter of 2022

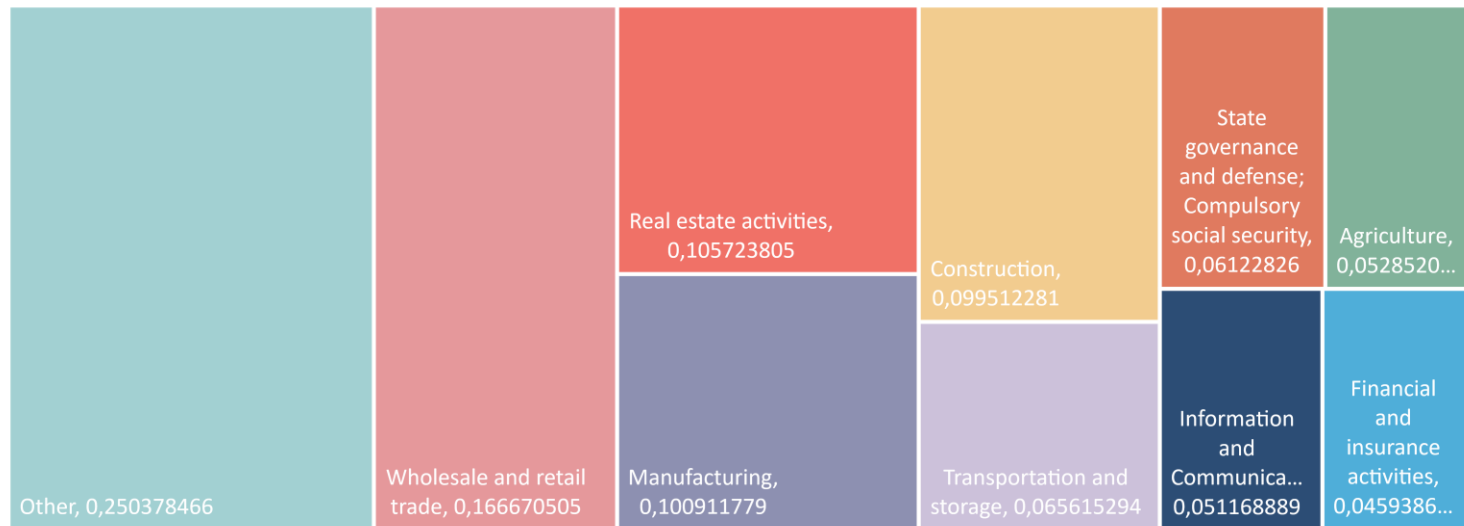
Real GDP growth by economic activity, 2022 IV Quarter



According to preliminary estimates, in the fourth quarter of 2022 economic growth amounted to 9.7 percent, while in the third quarter of 2022, compared to the corresponding period of the previous year, real GDP increased by 9.8 percent. In the fourth quarter 2023 economic growth was 0.4 percent compared to the fourth quarter of 2019.

- The following industries have made a significant contribution to growth of Q4 2022:
- Information and communication: 60.9% y/y (2.7 p.p.)
- Activities of households as employers: 59.1% y/y (0.05 p.p.)
- Construction 27.9% y/y (1.6 p.p.)
- Transport and warehousing: 25.3% y/y (1.7 p.p.)
- Mining industry: 22.5% y/y (0.3 p.p.)
- Arts, entertainment and recreation: 16.8% y/y (0.2 p.p.)
- Administrative and support services activities wholesale and retail trade;
- Repair of automobiles and motorcycles: 13.8% y/y (0.7 p.p.)

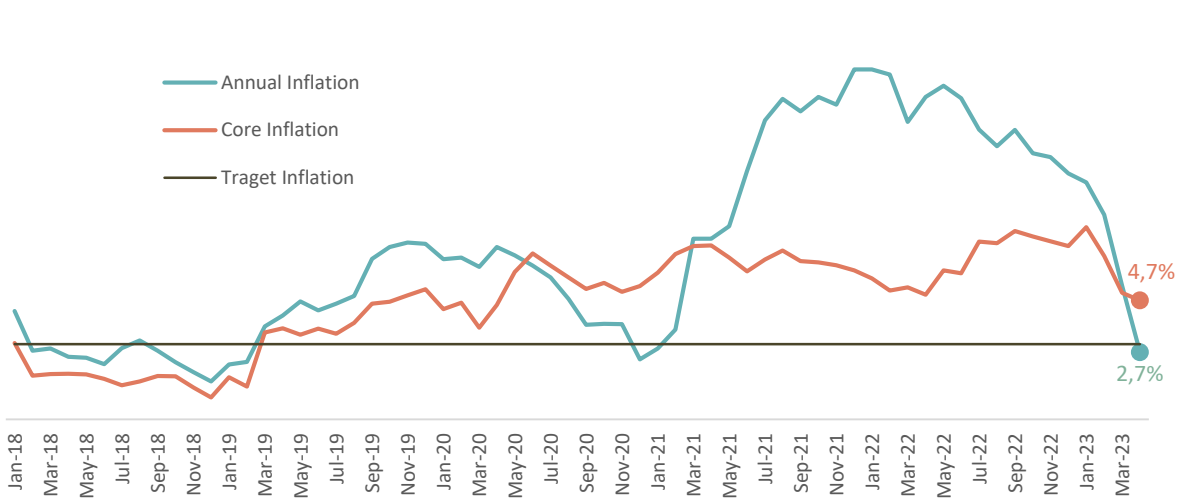
GDP by economic activity, 2022 IV Quarter



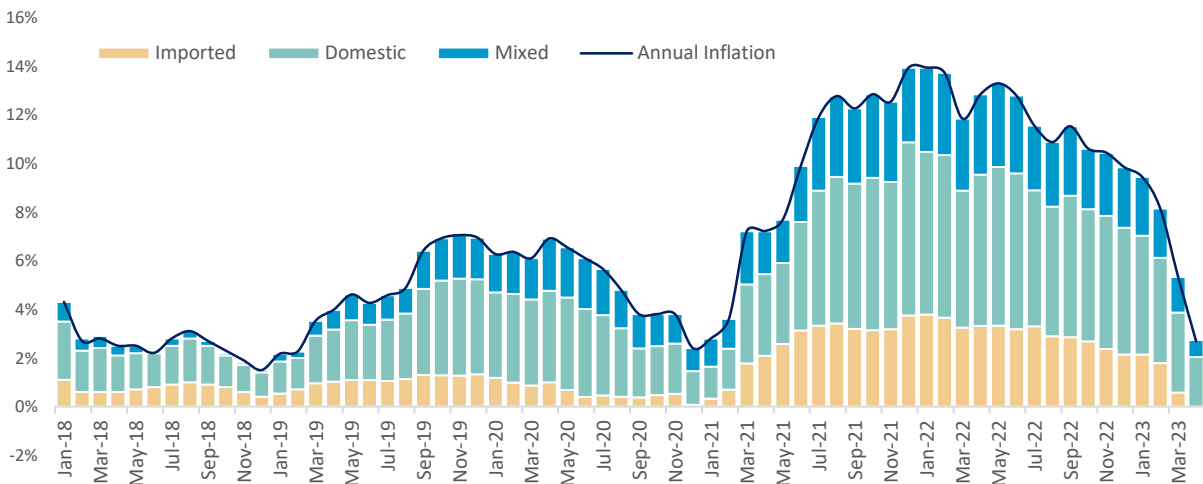
- The following sectors made a significant contribution to the decrease:
- Real estate-related activities: -8.7 y/y (-1.1 p.p.)
- Health care and social service activities: -8.8 y/y (-0.6 p.p.)

Annual inflation in April has reached 2.7 percent

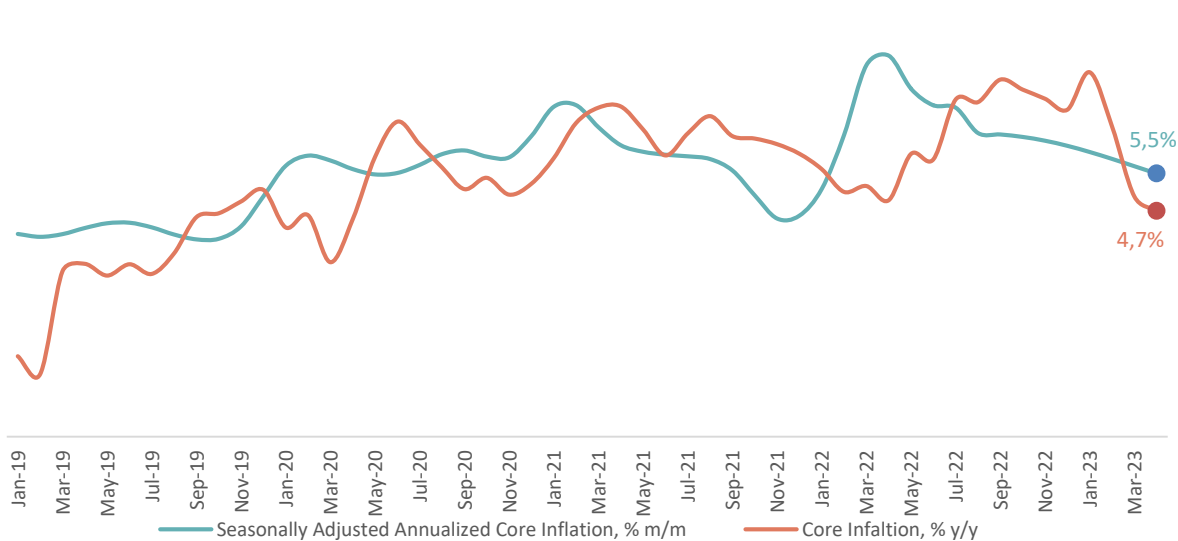
Total and Core Inflation, % y/y



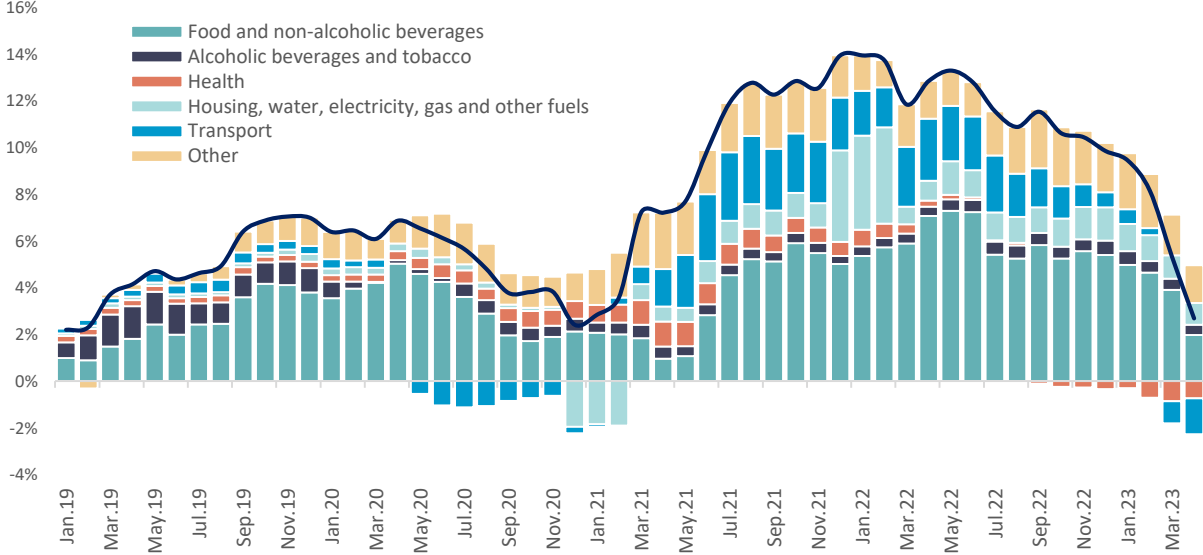
Inflation Decomposition



Core Inflation, % m/m



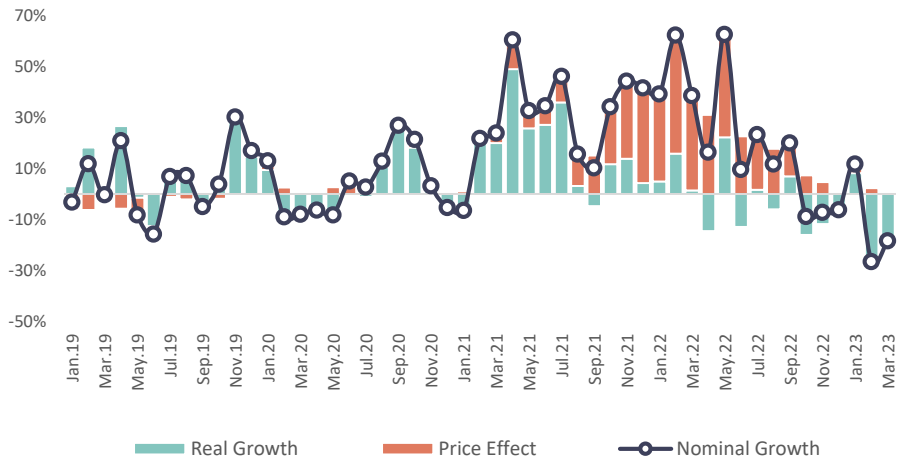
Inflation Decomposition by product group



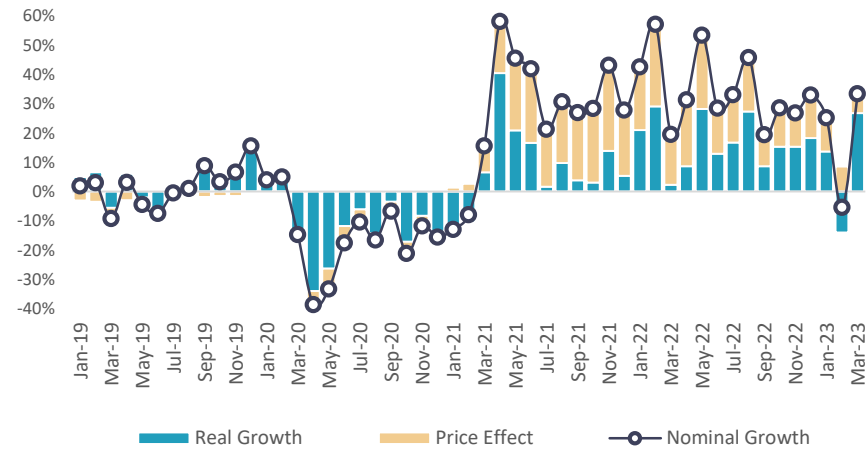
Source: Geostat, NBG, MOF

Trade Deficit increased by 33.7 percent annually

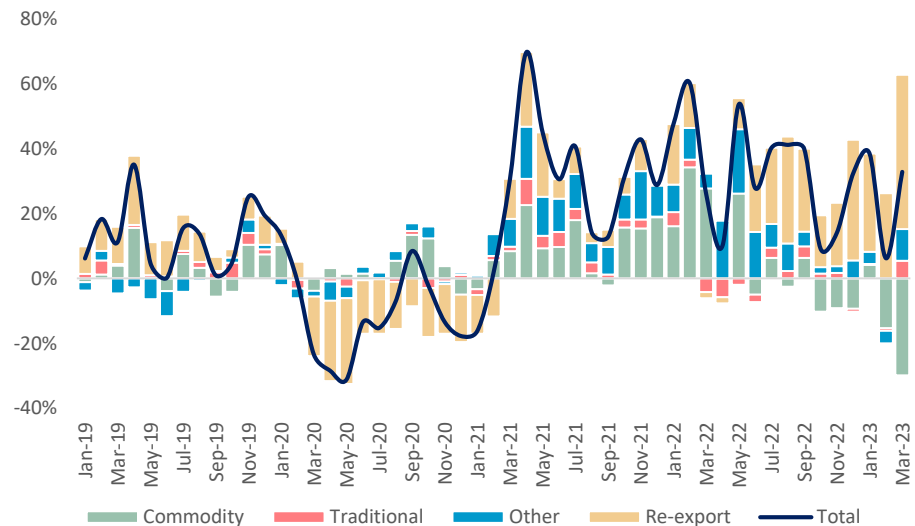
Change of Domestic Export, %/y



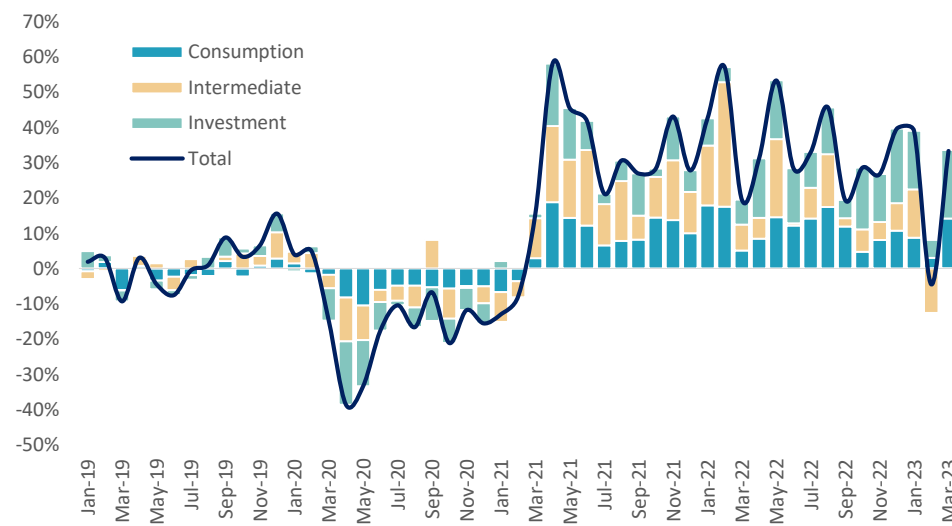
Change of Import, %/y



Decomposition of Export



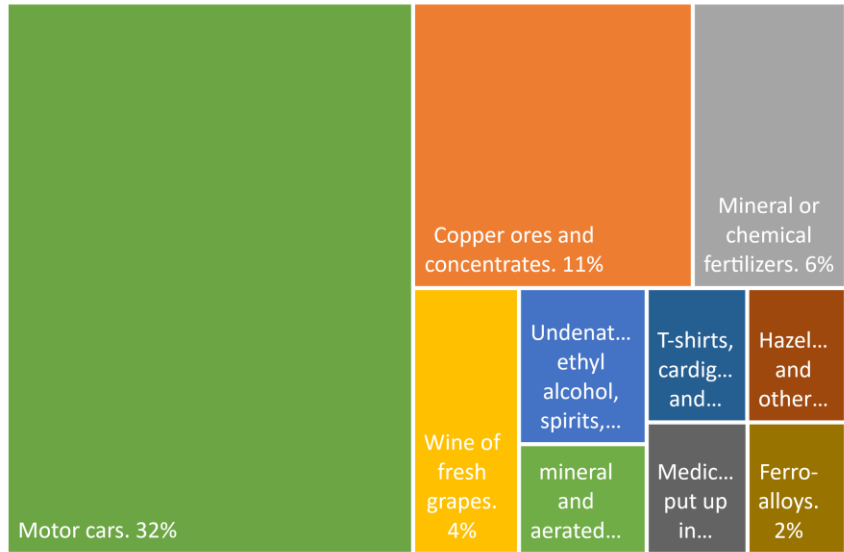
Decomposition of Change of Import, %/y



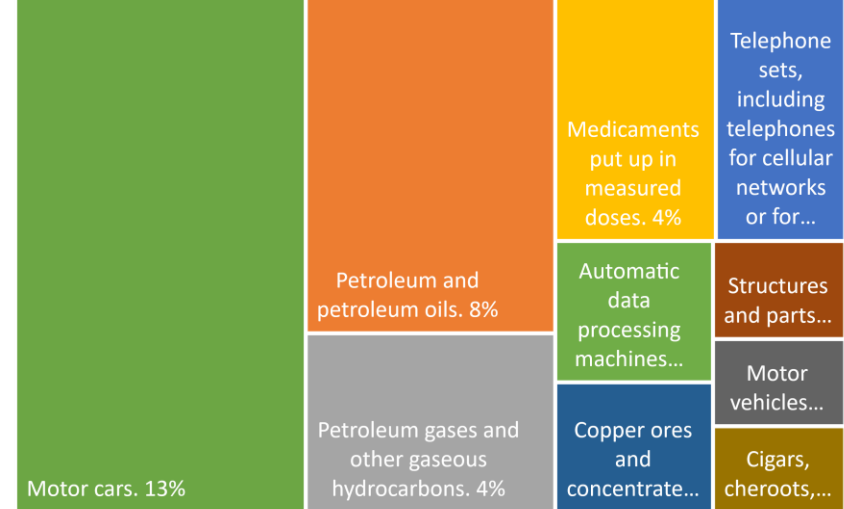
- Export increased annually by 32.9 percent to 547 million USD in March.
- Domestic export decreased annually by 18.3 percent to 269 million USD.
- Import annually increased by 33.4 percent to 1 235 million USD in March.
- Trade deficit annually increased by 33.7 percent to 688 million USD in March.
- Share of re-export in export growth is equal to 47.6 percent (239.2 %/y), while share of commodity export is negative 29.9 percent (-57.6 %/y).
- Contribution of import of Investment, Consumption and Intermediate goods to total import annual growth was equal to 19.4, 14.2 and -0.3 percent respectively.

International trade is characterized by stable diversification

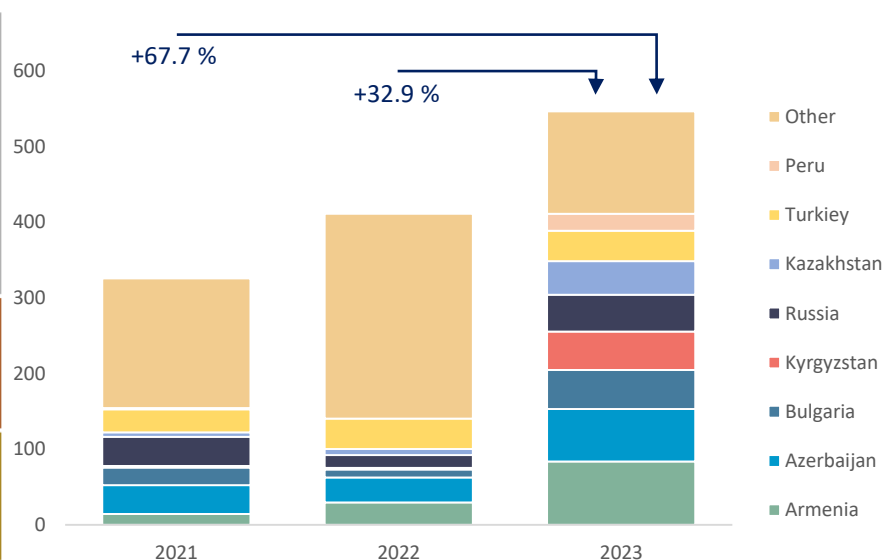
Top 10 Export goods, % of total Export



Top 10 Import goods, % of total Import



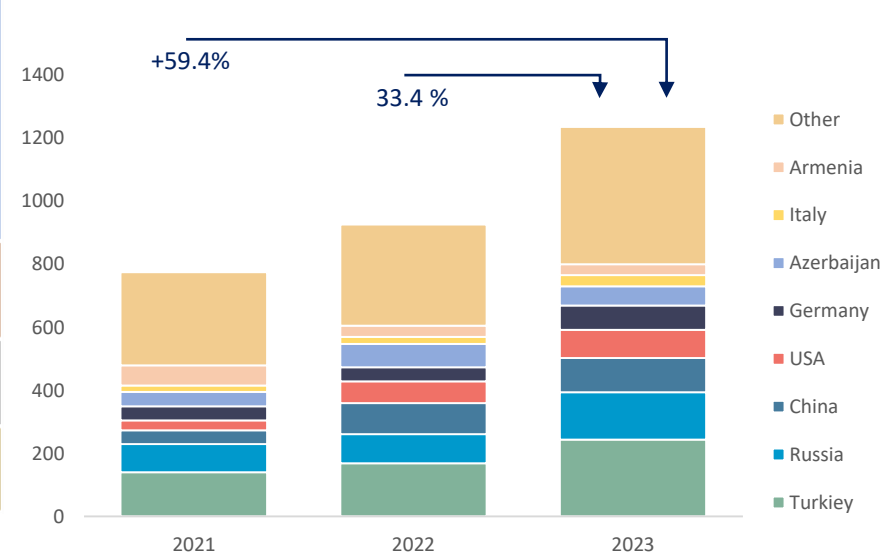
Export by country, March



- Top Export Products:
 - Motor cars: 174.9 mln. USD – 32.0 percent of total export.
 - Copper ores and concentrates: 62.3 mln. USD – 11.4 percent.
 - Mineral o chemical fertilizers: 34.2 mln. USD – 6.3 percent.

- Top Import Products :
 - Motor cars: 165.2 mln. USD – 13.4 percent.
 - Petroleum and petroleum oils: 92.8 mln. USD – 7.5 percent of total import.
 - Petroleum gases: 49.2 mln. USD – 4.0 percent.

Import by country, March

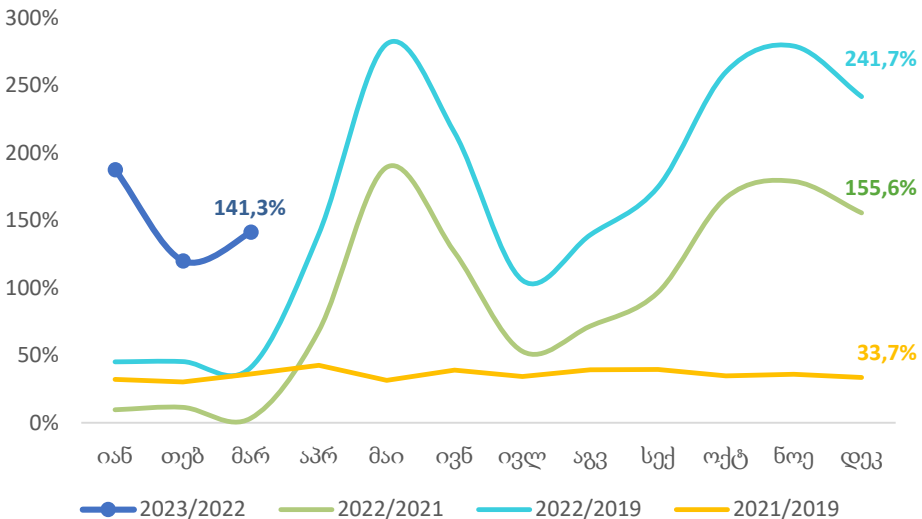


- Top Export Country:
 - Armenia: 83.8 mln. USD – 15.3 percent.
 - Azerbaijan: 69.4 mln. USD – 12.7 percent.
 - Bulgaria: 51.5 mln. USD – 9.4 percent.

- Top Import Country :
 - Russia: 243.4 mln. USD – 19.7 percent.
 - Turkey: 151.1 mln. USD – 12.2 percent.
 - China: 108.3 mln. USD – 8.8 percent.

Remittances are increasing as a result of economic activity in the region

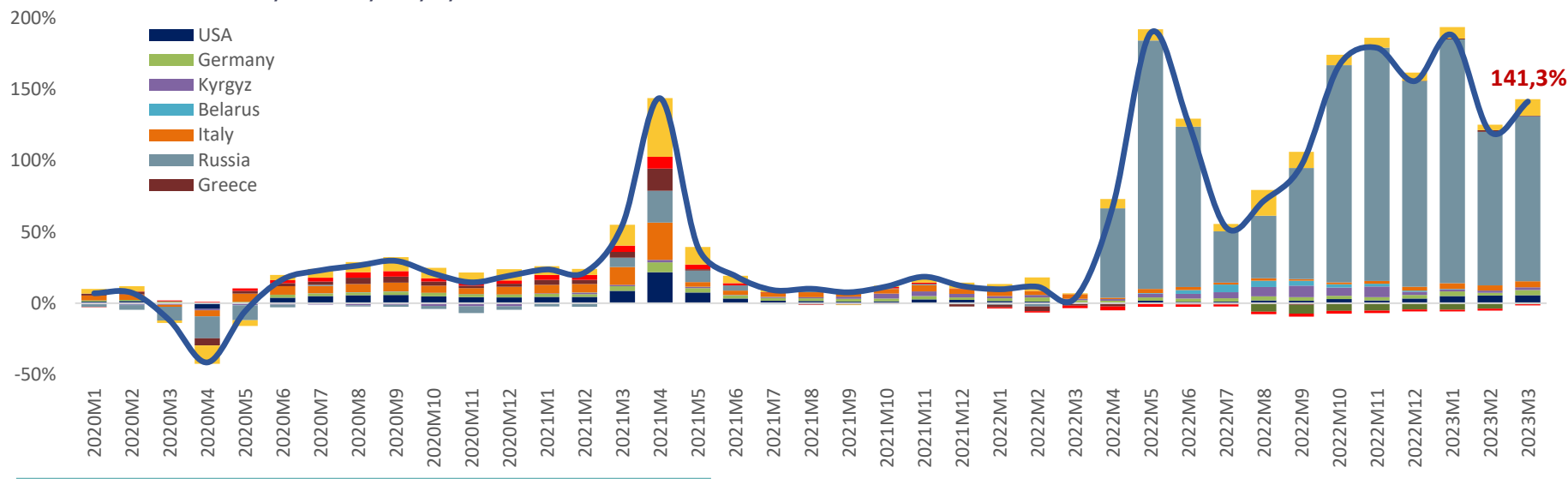
Net Remittances



Net Remittances, March 2023

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
Russia	219.8	805.2	115.7
Italy	42.5	20.1	4.2
USA	34.4	38.7	5.6
Israel	18.1	10.4	1.0
Greece	18.0	4.2	0.4
Kazakhstan	16.5	141.1	5.7
Other	58.7	33.1	8.6

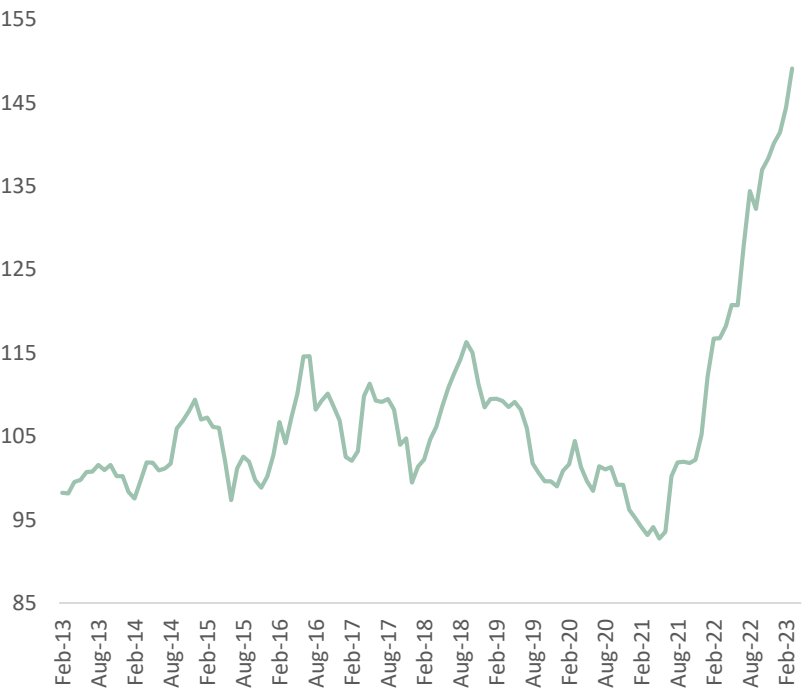
Net Remittances by country, %y/y



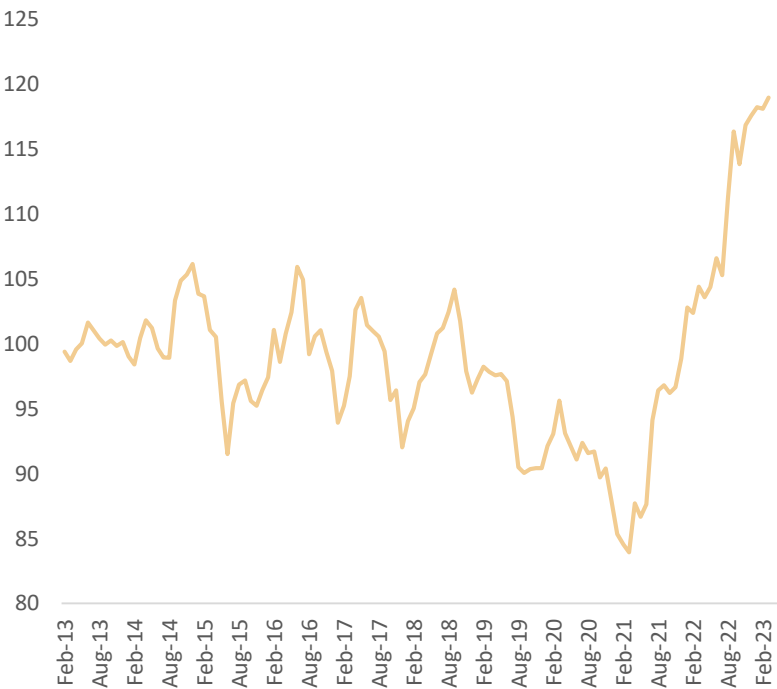
- In March 2023, net remittances were estimated at 408.0 million USD, representing a 141 percent annual increase. Relative to corresponding month of 2019, Net Remittances increased by 240 percent.
- Net Remittances increased from:
 - Russia : 805.2 percent (115.7 p.p. contribution to overall growth).
 - Germany: 55.2 percent (3.5 p.p. contribution to overall growth).
 - USA: 38.7 percent (5.6 p.p. contribution to overall growth).
 - Italy: 20.1 percent (4.2 p.p. contribution to overall growth).
- Net Remittances decreased from:
 - Belarus: -64.8 percent (-0.2 p.p. contribution to overall growth)

Real Effective Exchange Rate in March Appreciated by 17.5 percent Annually

NEER: 2013 = 100

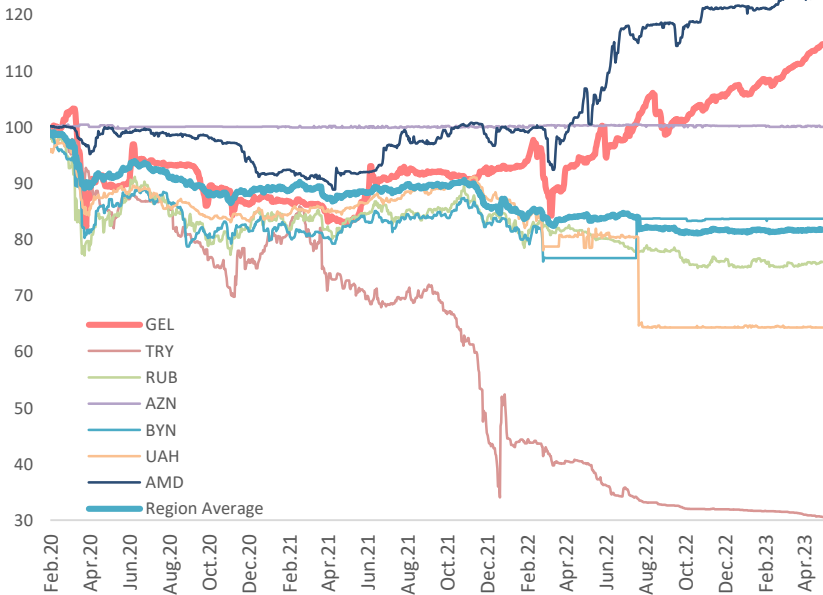


REER: 2013 = 100



USD Exchange Rates

30 April, 2023



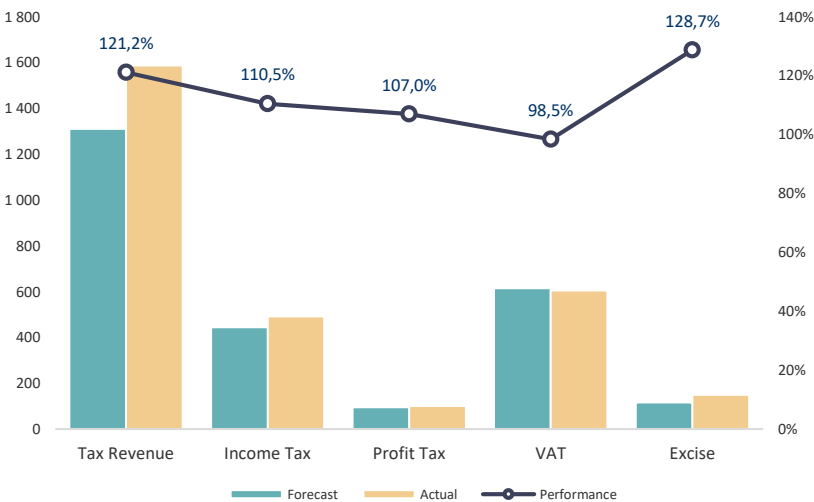
Note: Increase means appreciation

	April 30, 2023		Apr 30, 2023 - Jan 1, 2023		Apr 30, 2023 - Jan 1, 2022
Euro	2.7441	▲	5.1%	▲	27.5%
US Dollar	2.4967	▲	8.2%	▲	23.7%
Turkish Lira	0.1283	▲	12.5%	▲	293.9%
Russian Ruble	0.0311	▲	18.2%	▲	23.4%
NEER	180.61	▲	9.8%	▲	37.7%
REER (March 2023)	149.58	▲	3.0%	▲	18.4%

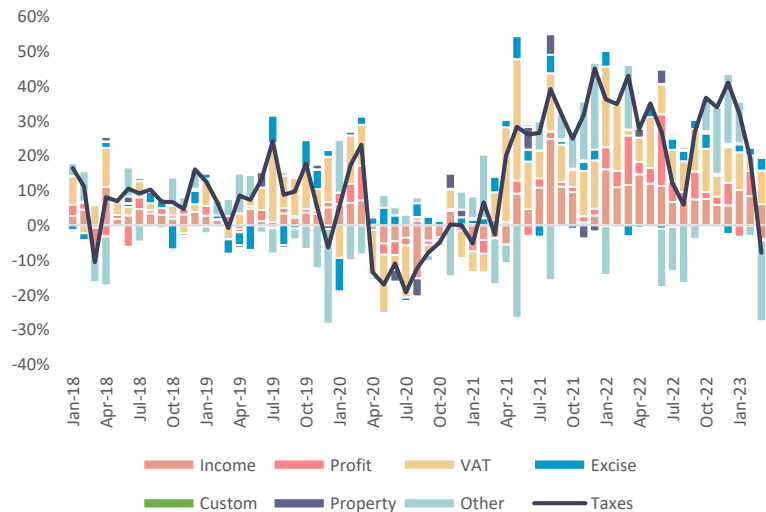
Source: NBG

Tax revenues in April is above the forecast value by 21.2 percent

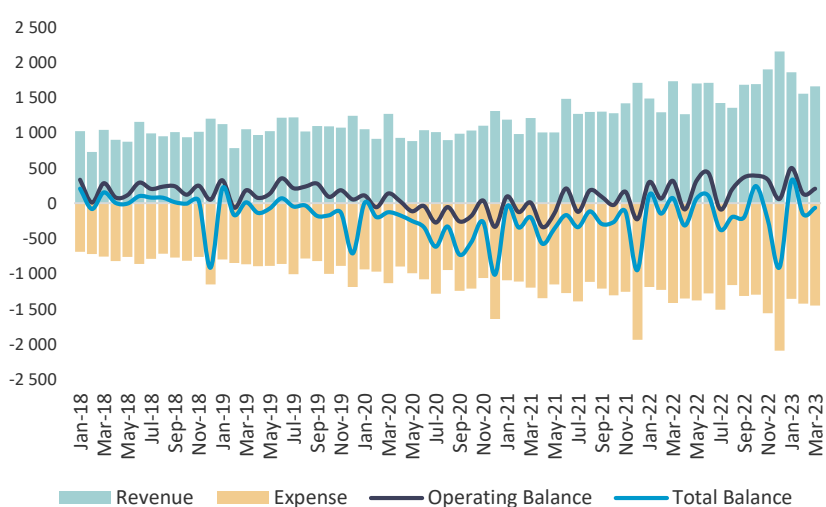
Budget Revenue Performance, April 2023



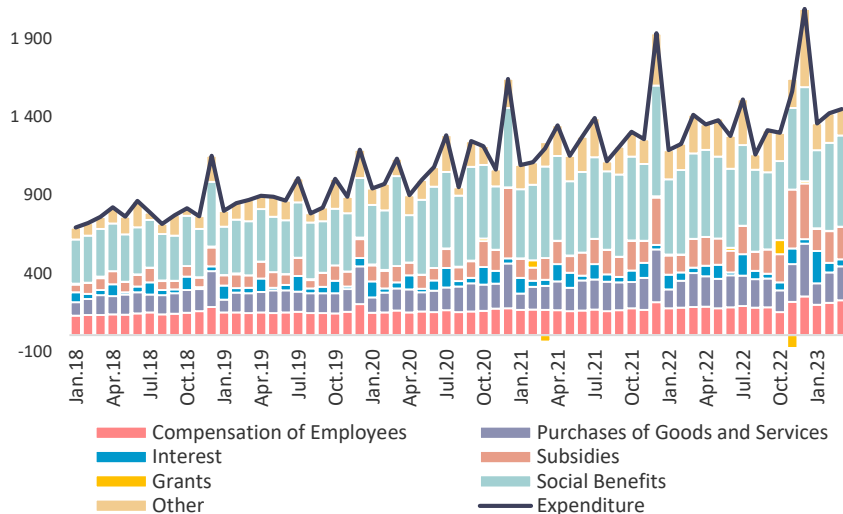
Tax Income, % y/y



Consolidated Budget, mln GEL



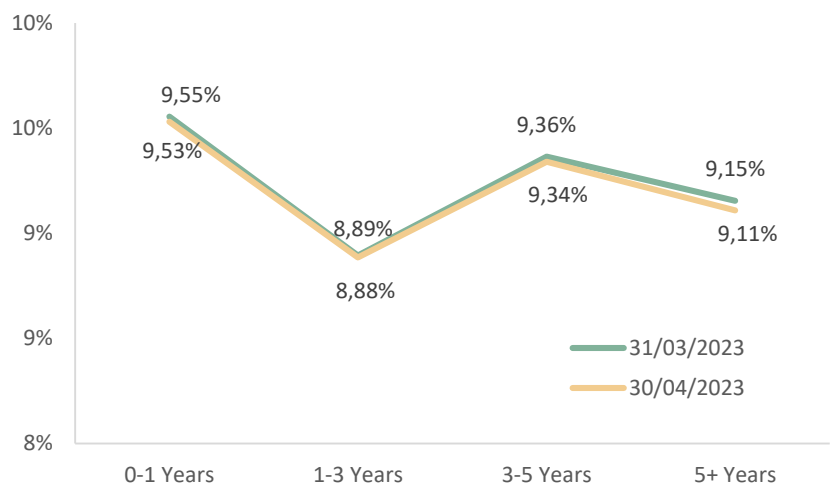
Consolidated Budget Expenditure, mln GEL



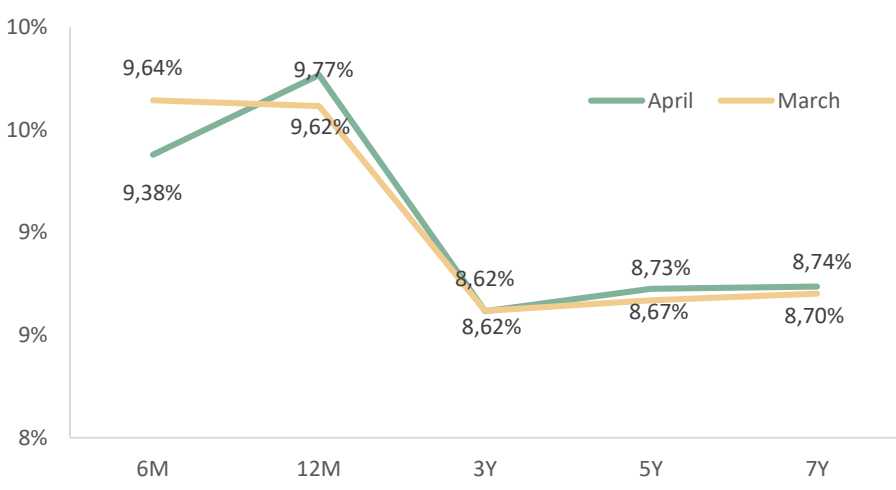
- The actual level of tax income in April 2023 was 1,587 mln GEL, which is above the forecasted value by 21.2 percent.
- Consolidated budget revenues decreased by 4.3 percent and expenditures increased by 2.6 percent in March.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 206.6 million GEL, while the total balance was set at negative 64.1 million GEL.
- Revenue from taxes had a significant impact on revenue from VAT and Income tax in March, accounting for 9.7 and 6.1 percent of total growth, respectively. While reduction in tax income was mainly due to the 23.3 percent drop in other taxes.

Structure of the Securities Portfolio has Undergone Minor Changes

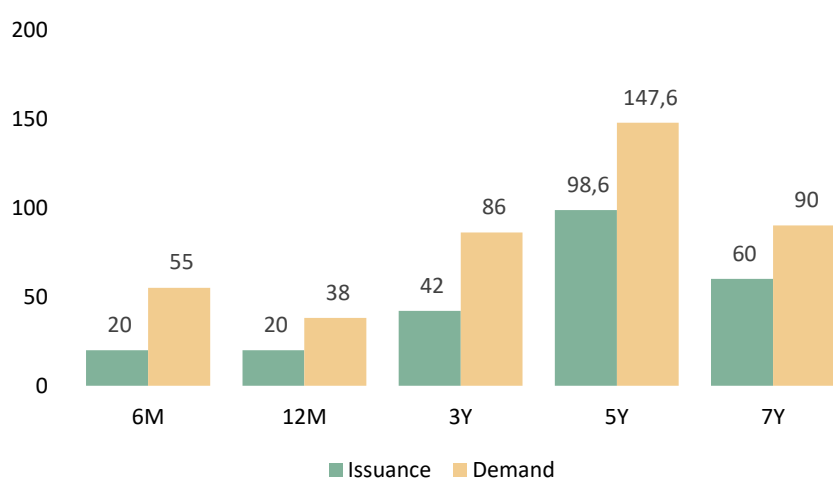
Portfolio Yield Curve



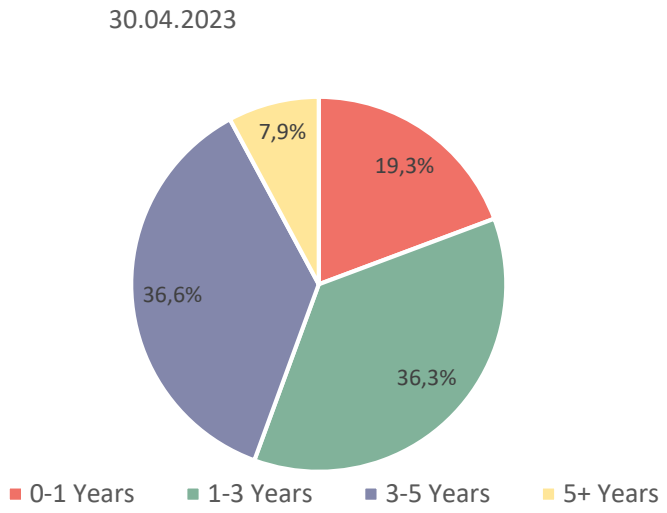
Weighted average interest rates



Issuance and Demand of Treasury Bonds, mln GEL



Portfolio by Residual Maturity

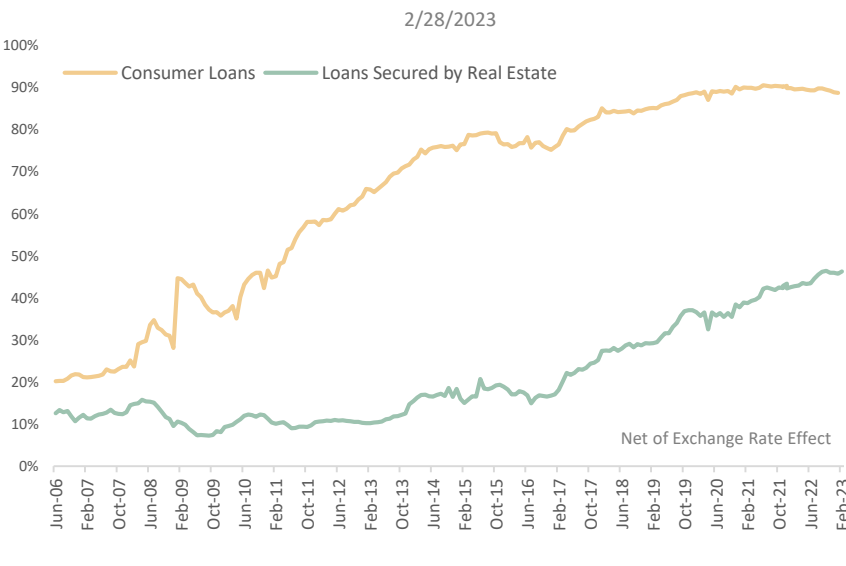
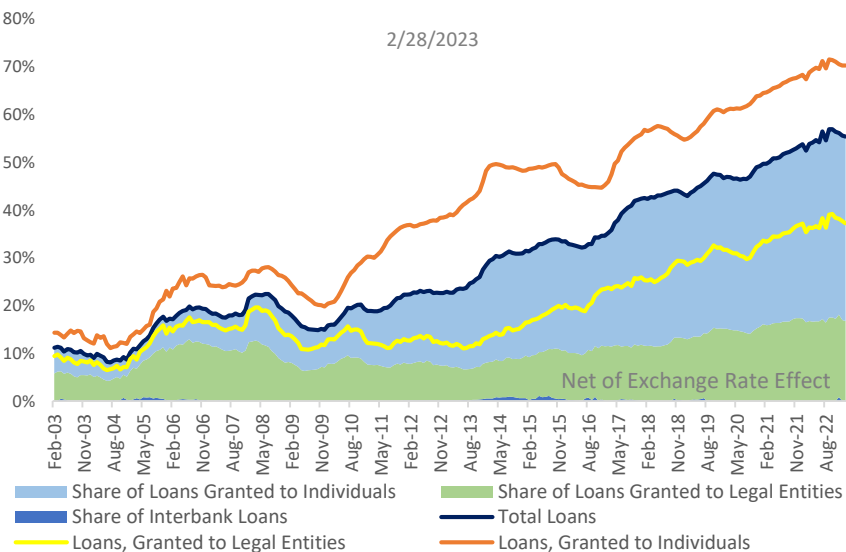


- In April 2023, 5 auctions were held with total issuance volume of 240.6 million GEL.
- The weighted average interest rate amounted to 8.85%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5 and 7 years. Treasury securities with total amount of 40 million GEL were redeemed.
- As of April 30, 2023 around 19% of the treasury securities portfolio is composed of the securities whose maturity date is due for the next 1 year. The medium-term state financials securities (with duration 1-3 years) have the biggest share (at around 36%) in the total portfolio.
- Bid-to-cover ratio decreased compared to the previous month's value (March 1.55) and amounted to 1.73.

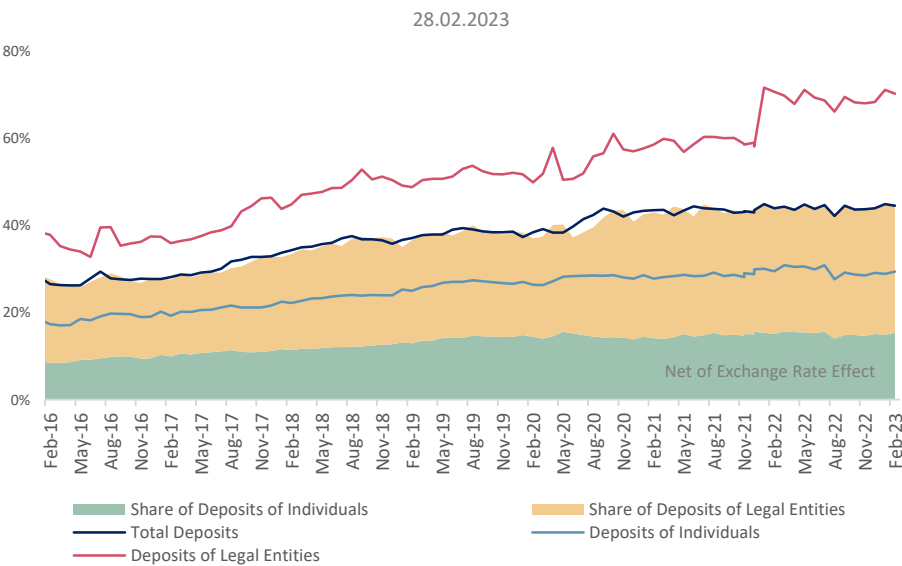
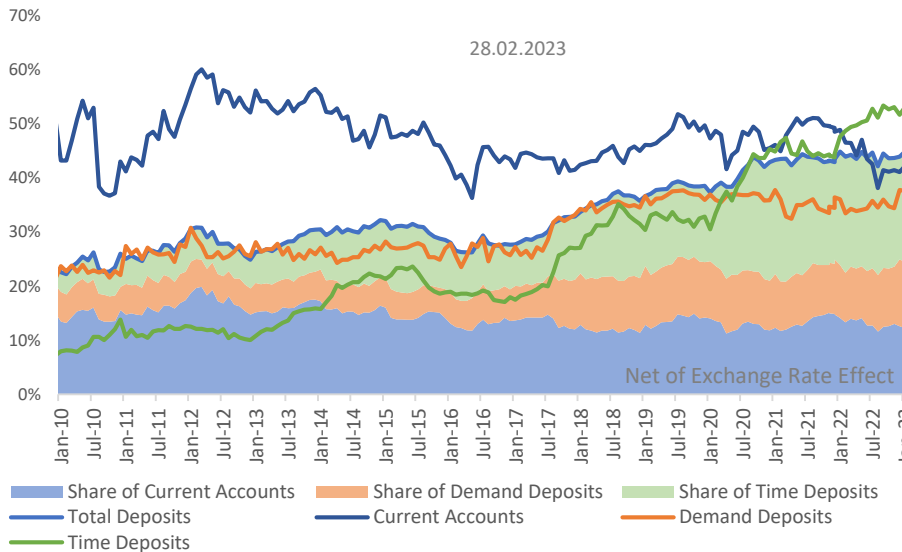
Source: MoF

Some Larization Rates Stop Rising

Loan Larization



Deposit Larization

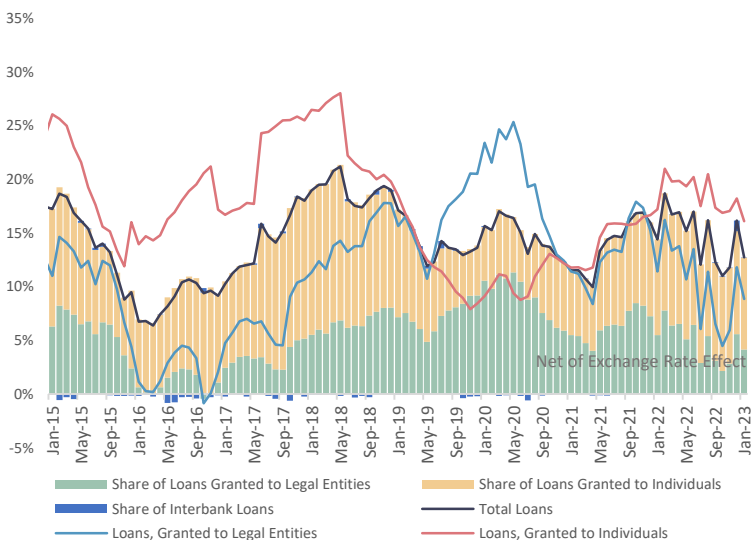


- As of March 1, 2023, the larization of total loans is 55.3 percent.
- The larization of loans to individuals is 70.2 percent.
- The larization of loans to legal entities amounted to 37.2 percent.
- The larization of total deposits equals to 44.4 percent.
- The larization on deposits of legal entities amounted to 70.1 percent.
- The larization of deposits of individuals is 29.3 percent.
- The larization of time deposits is 52.7 percent.
- The larization of current accounts equals to 42.3 percent.
- The larization of demand deposits is 37.0 percent.

The annual growth trend of loans is sustained

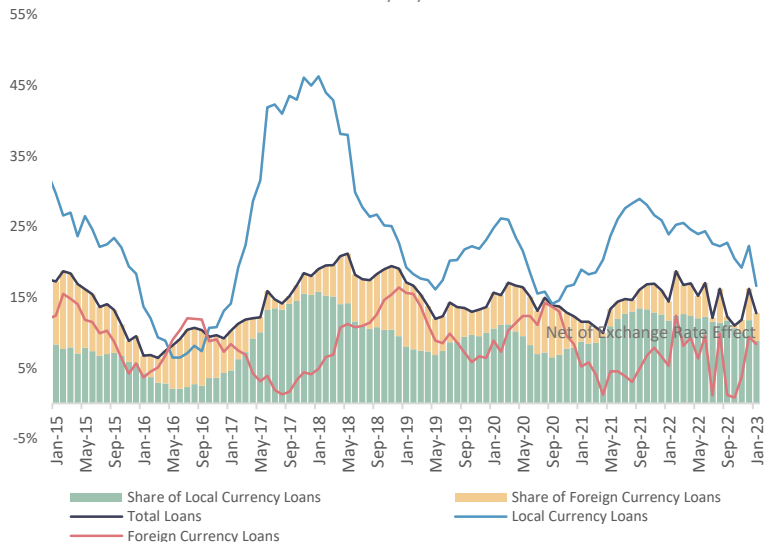
Loans, % y/y

1/31/2023



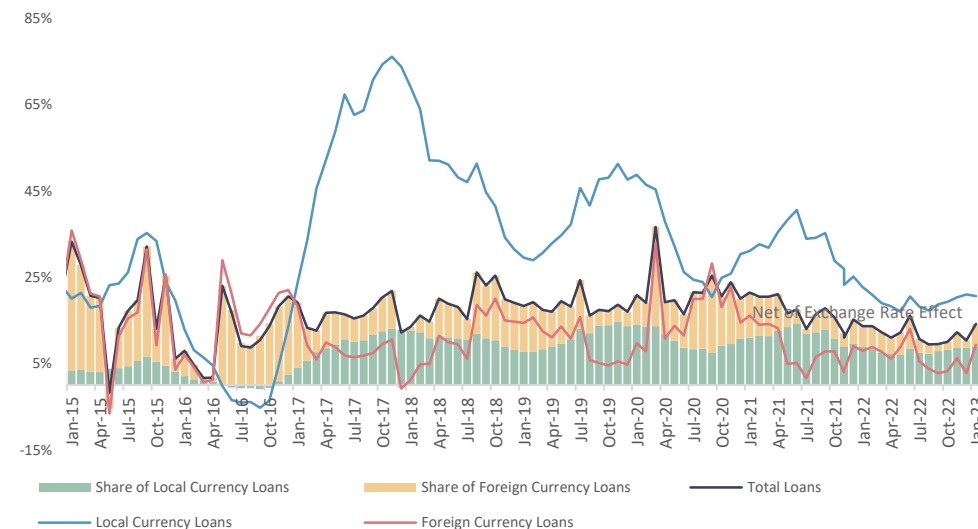
Loans by Currency, % y/y

1/31/2023



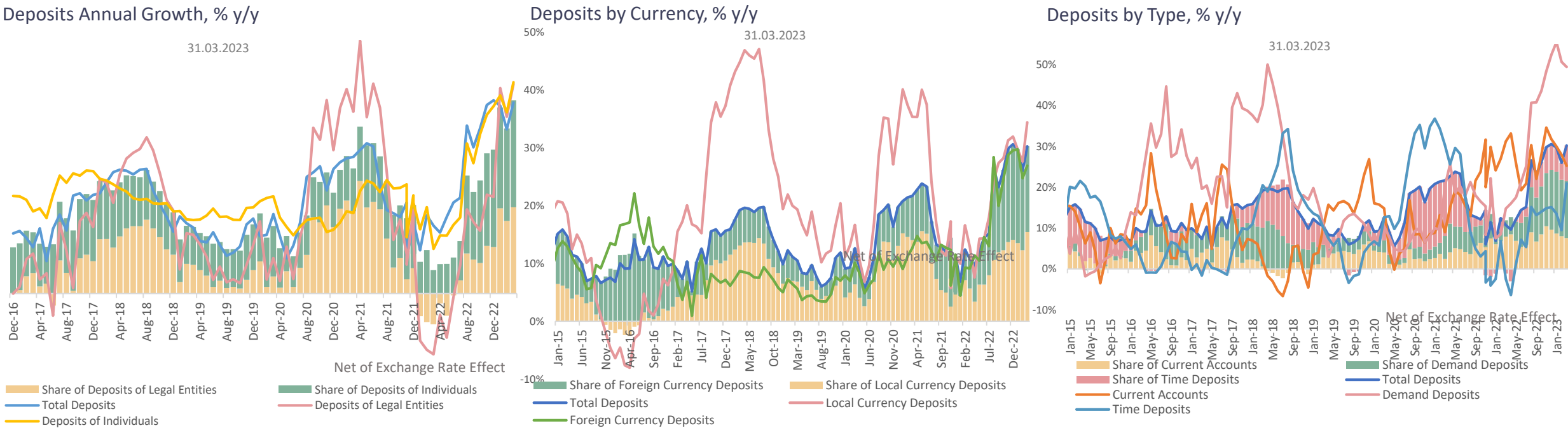
Mortgage Loans, % y/y

1/31/2023



- As of February 1, 2023, the total loans increased by 12.7 percent compared to the corresponding period of 2022 (excluding exchange rate effects).
- The annual growth of loans to legal entities is 8.9 percent.
- The annual growth of loans to individuals is 16.1 percent.
- As of February 1, 2023, the growth rate of loans denominated in the national currency (GEL) amounted to 16.6 percent.
- The annual growth of loans denominated in foreign currency amounted to 8.3 percent.
- As of January 31, 2023, the annual growth of loans secured by real estate amounted to 14.1 percent. At the same time, mortgage loans denominated in national currency increased by 20.6 percent, while the mortgage loans denominated in foreign currency increased by 9.3 percent.

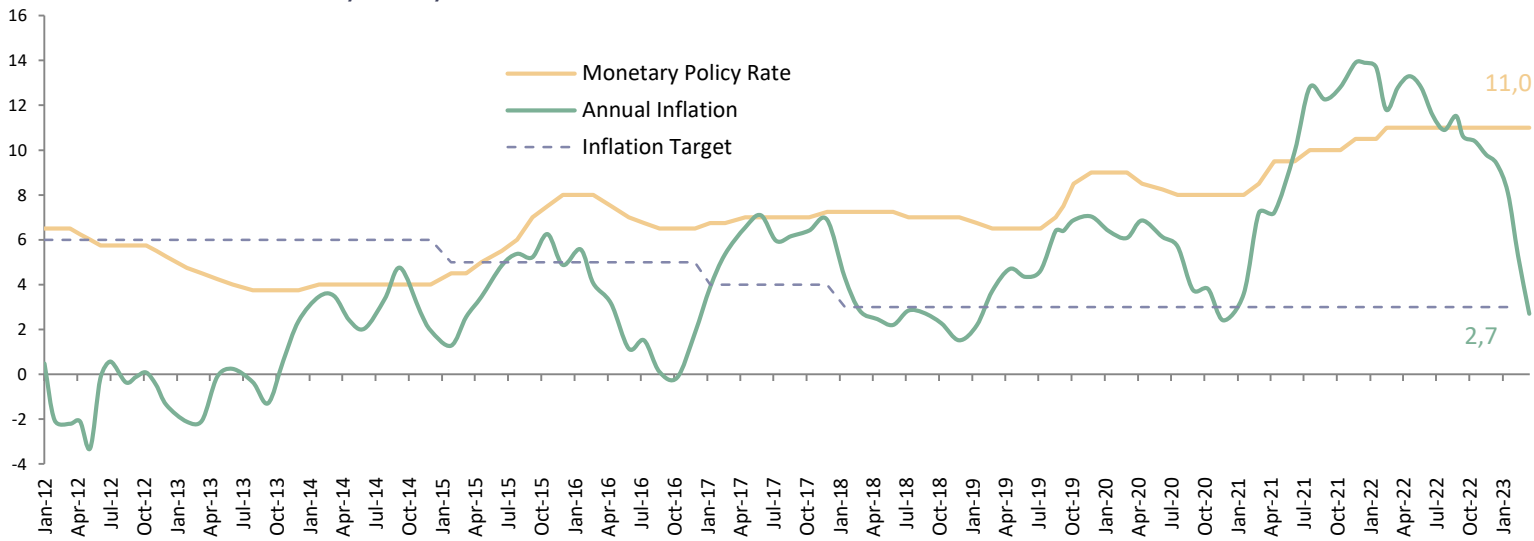
Annual Growth of Deposits Denominated in Foreign Currency Continues Stable Growth



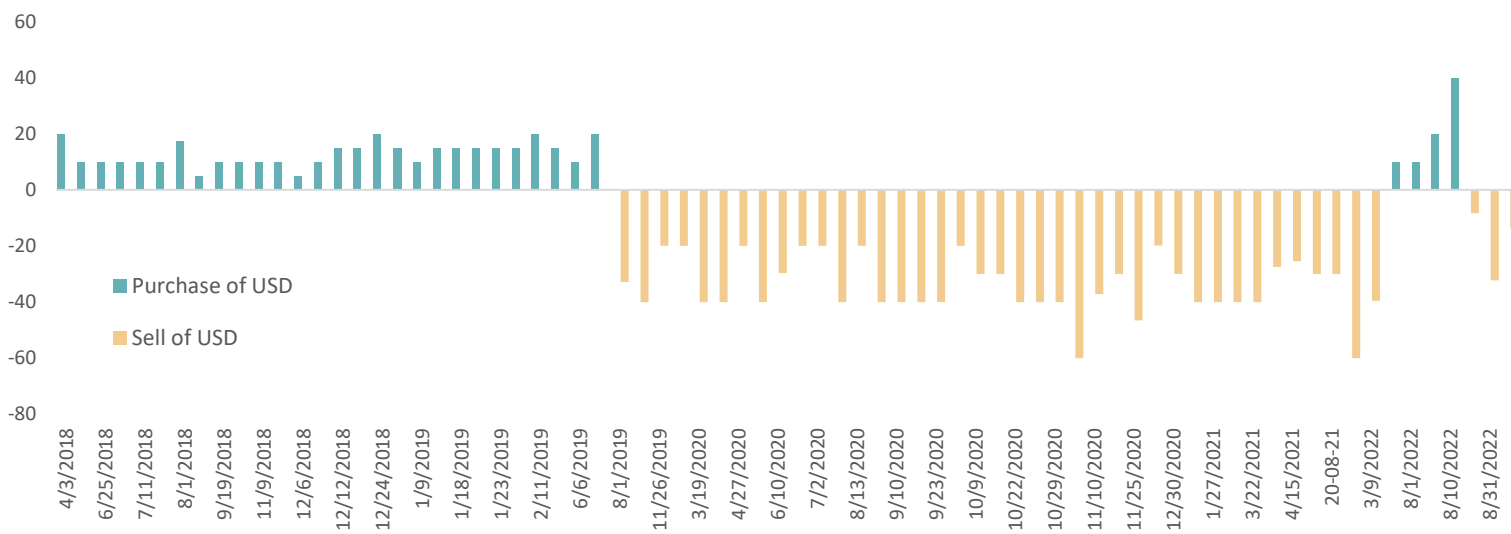
- As of April 1, 2023, the growth of total deposits compared to the corresponding period of the previous year is 30.2 percent.
- The annual growth of deposits denominated in the national currency amounted to 34.4 percent. The annual growth of deposits denominated in foreign currency stood at 26.9 percent over the same period.
- The growth of deposits of individuals amounted to 33.4 percent, while the annual growth of deposits of legal entities in the same period amounted to 33.2 percent.
- The annual growth of current accounts at the beginning of April 2023 was equal to 25.2 percent.
- The annual growth of time deposits was 20.9 percent.
- The growth of demand deposits amounted to 49.4 percent.

The Monetary Policy Rate is at 11.0 percent

Inflation and Monetary Policy Rate



Trade of USD by NBG, mln USD

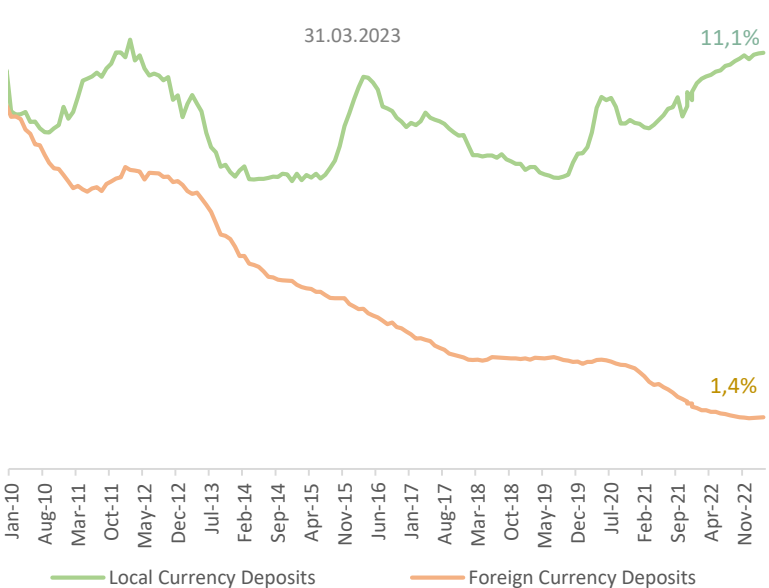


- On March 29, 2023, the Monetary Policy Committee of the National Bank of Georgia decided to keep the refinancing rate at 11.0 percent.
- Per the NBG, Russia's invasion in Ukraine has led to significant global economic disturbances and further exacerbated supply-demand imbalances already in place due to the pandemic. Recently however, there have appeared signs of price stabilization on international commodity markets. As a result of the sanctions lately imposed by the European Union, oil prices have decreased. At the same time, international shipping costs continue to fall at a rapid pace, which should be reflected in import prices. In Georgia inflation has already retreated from its peak and fell below the target inflation at 2.7 percent in April, is now on a downward path. It is expected that given the appreciated exchange rate, the aforementioned global trends will be gradually transmitted to the local market, helping to further reduce inflation.
- The next meeting of the Monetary Policy Committee will be held on May 10, 2023.
- There was no FX interventions through auctions during April, 2023.

Source: NBG

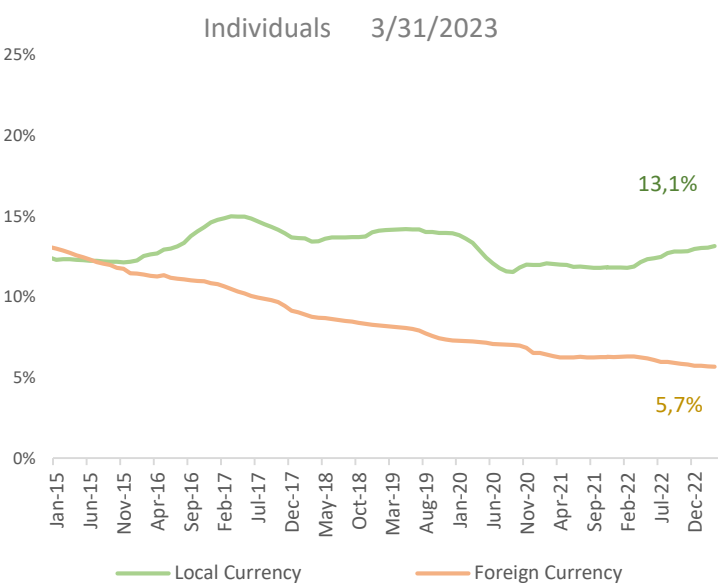
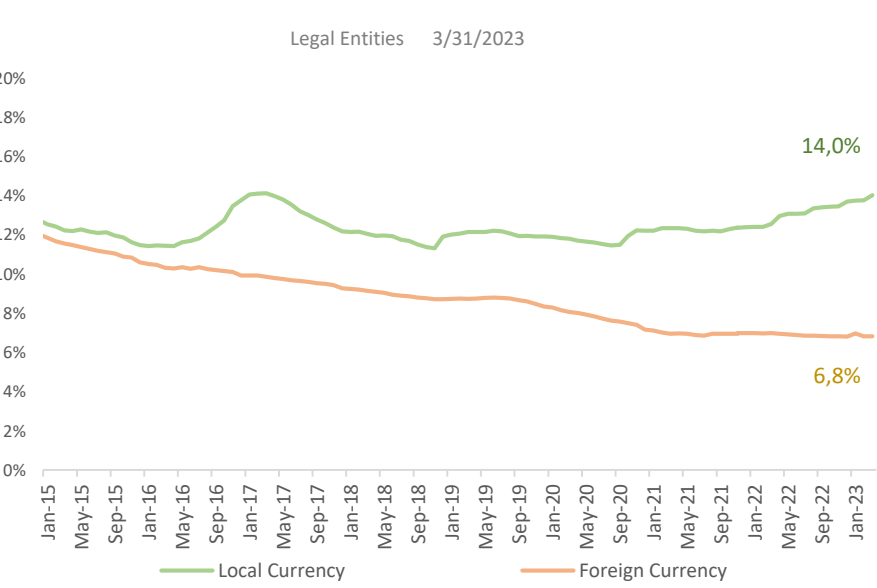
Market Interest Rates on Deposits Increased slightly in National Currency and Foreign Currency

Interest Rates on Deposits



Source: NBG

Interest rates on Loans secured by Real Estate



- As of April 1, 2023, the interest rate on foreign currency deposits was 1.4 percent, and in national currency – 11.1 percent.
- The weighted average interest rate on deposits in the national currency by legal entities was 11.3 percent, and in foreign currency – 1.9 percent.
- The average annual interest rate on deposits by individuals is 1.4 percent for foreign currency deposits and 11.1 percent for national currency deposits.
- The weighted average annual interest rate on short-term consumption loans was 16.8 percent (18.7 percent in national currency and 6.8 percent in foreign currency).
- The weighted average annual interest rate on long-term consumption loans was 16.6 percent (17.8 percent in national currency and 7.0 percent in foreign currency).
- At the end of April 2023, the interest rate on mortgage loans denominated in local currency issued to legal entities was 14.3 percent, and in foreign currency 8.9 percent. The interest rate on loans to individuals in the national currency was 13.4 percent, and in foreign currency 6.5 percent.

Disclaimer

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Georgia, Tbilisi 0105, Gorgasali Street N16

Tel: (995 32) 2 261 407

E-mail: info@mof.ge; www.mof.ge



MINISTRY OF FINANCE
OF GEORGIA