

WEEKLY UPDATE FROM  
THE CHIEF ECONOMIST



**TBC CAPITAL**

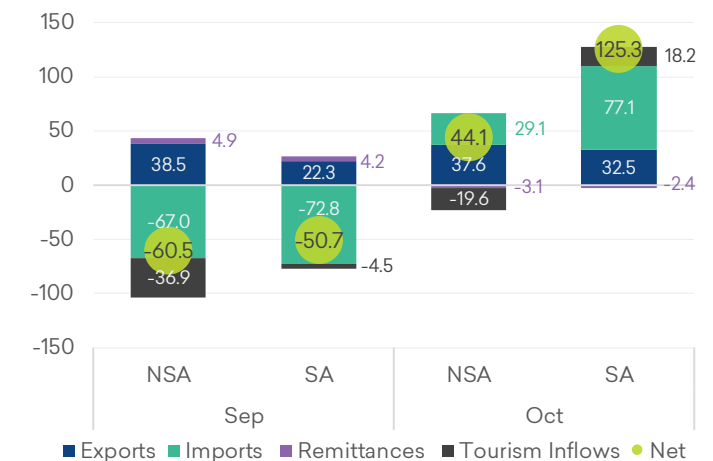
# Weekly Update from the Chief Economist

22.11.2021

Last week large data release was characterized with mixed takeaways. On the one hand, October inflows were strong pointing to continuous extraordinary performance in the economy. At the same time, imports and credit cooled a bit, though the former largely on the back of lower imported cars for re-exports, but also probably due to lower inventory demand as compared with the previous months. While Q3 unemployment went up YoY on the back of more workforce seeking jobs as number of jobs have increased. Also, higher unemployment appears to be a result of methodological approach<sup>1</sup>. Overall, the data supports our above 10% GDP growth scenario for the full year 2021.

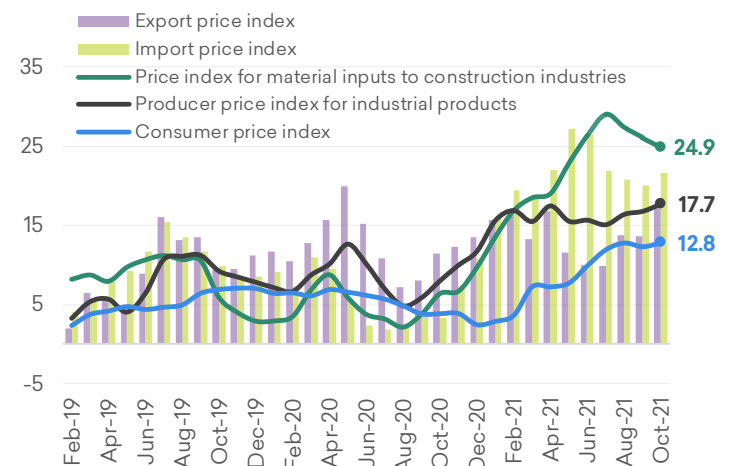
On the GEL side, again there are mixed takeaways. In particular, an estimated monthly balance of net inflows strengthened considerably as compared with the previous month. Also, we see the continuation of [the reversal of election related depreciation expectations](#) in updated November daily data, expressed in switching to GEL deposits. Furthermore, October exports, imports and PPI indices went up, indicating to a stronger near term CPI than we are projecting and therefore, lowering further the short term GEL depreciation appetite, though keeping in mind that not expressed in change of [our GEL rate outlook](#). However, on the contrary, following a similar logic, the stronger than expected inflation release in the US and sooner than expected rate hikes supported the USD worldwide. In addition, Turkish lira weakened further beating another record of depreciation. While [we stick to our view](#) that the GEL should not necessarily follow lira, some of our earlier arguments, namely the same level GEL REER does not hold to the same extent anymore. Consequently, despite the strengthening of the GEL against the USD, we do not rule out some correction, though likely up to few percentage points only. In addition, recent spike in infection and hospitalization cases worldwide and in Georgia has to be taken into account.

### SELECTED CURRENCY FLOWS (in mln USD, MoM)



Source: Geostat, NBG, TBC Capital

### PRICE INDICES (YoY, %)



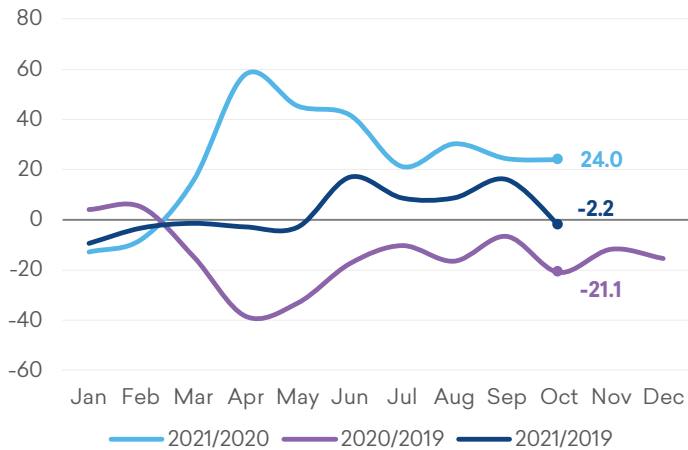
Source: Geostat

### THE GEL REER, DAILY ESTIMATES (% DEVIATION FROM PERIOD AVERAGE)

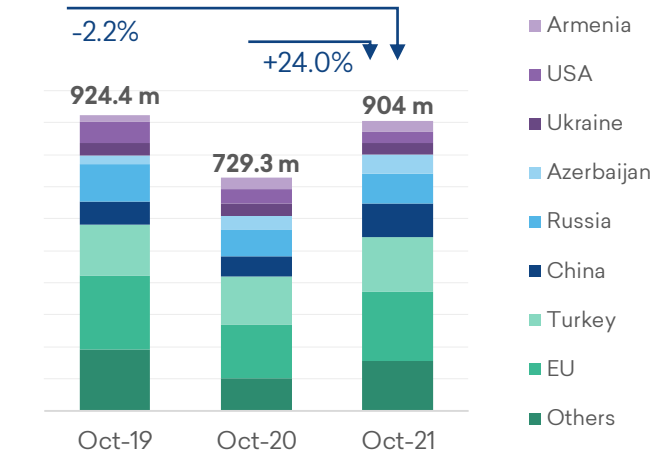


Note: As of 19 Nov, increase means GEL appreciation  
Source: NBG, corresponding statistical entities, TBC Capital

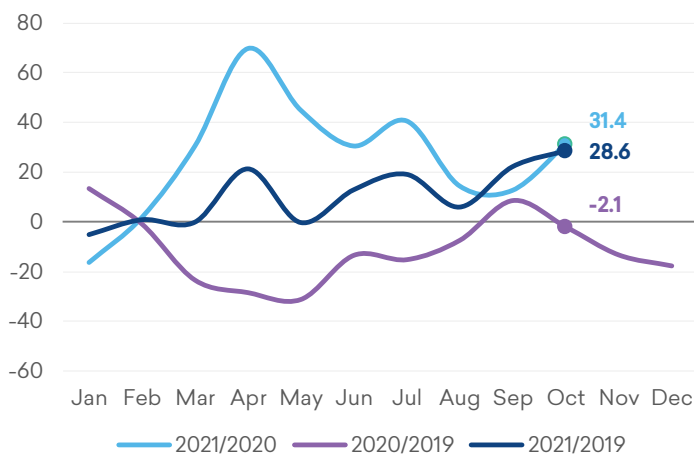
<sup>1</sup>One reason appears to be the case when in 2020 the loss of jobs was perceived temporary, this was not considered as unemployment

**IMPORTS**  
(in USD, %)


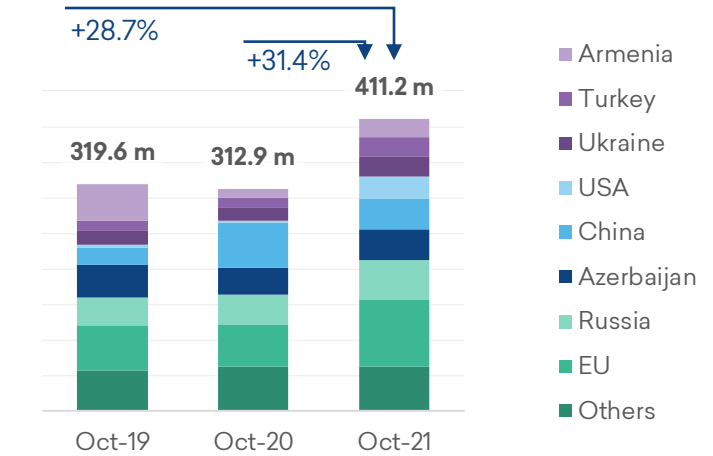
Source: GeoStat

**IMPORTS BY COUNTRIES**  
(in USD, %)


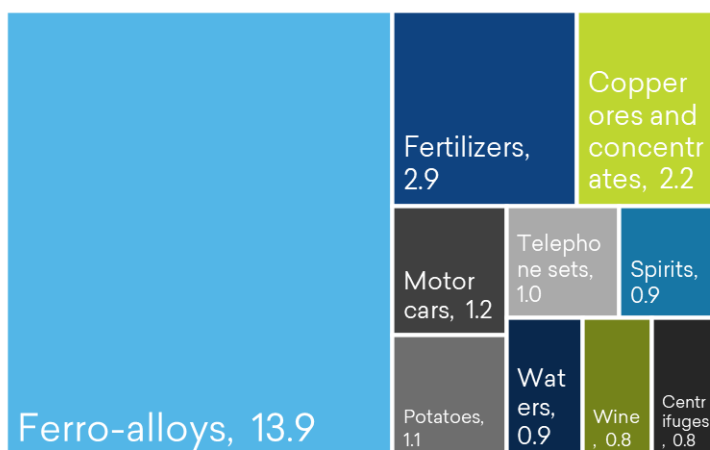
Source: GeoStat

**EXPORTS**  
(in USD, %)


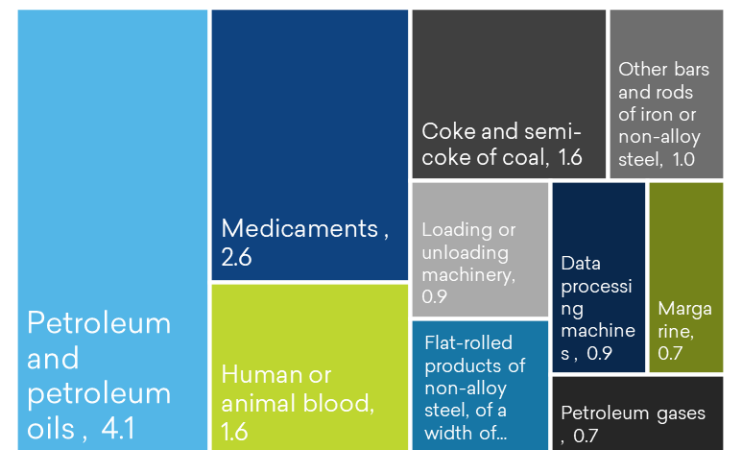
Source: GeoStat

**EXPORTS BY COUNTRIES**  
(in USD, %)


Source: GeoStat

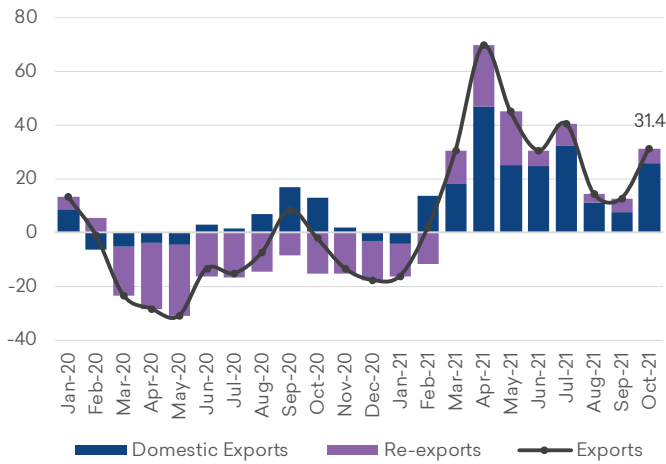
**OCTOBER TOP 10 EXPORTED PRODUCTS BY VOLUME; CONTRIBUTION (in PP) TO YOY GROWTH**


Source: Geostat, TBC Capital

**OCTOBER TOP 10 IMPORTED PRODUCTS BY VOLUME; CONTRIBUTION (in PP) TO YOY GROWTH**


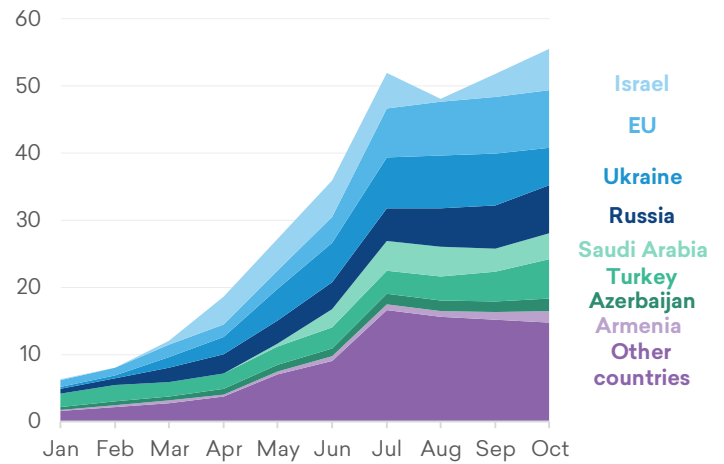
Source: Geostat, TBC Capital

### GROWTH OF EXPORTS (% YoY, in USD); CONTRIBUTION (in PP) OF DOMESTIC EXPORTS AND RE-EXPORTS



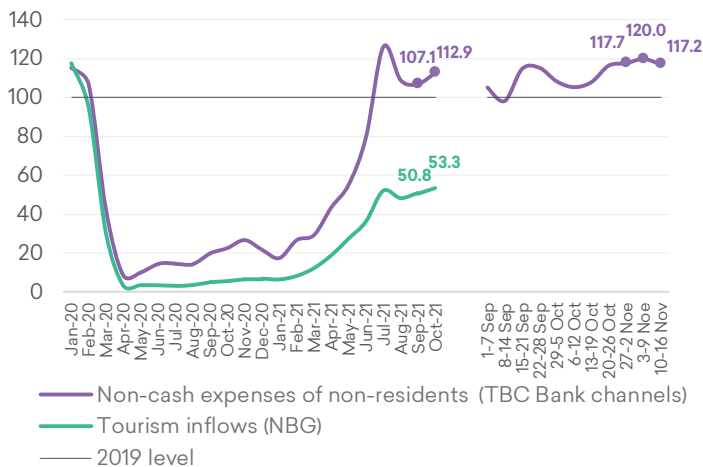
Source: Geostat

### TOURISM INFLOWS: RECOVERY BY COUNTRIES (in USD, same month 2019=100, %)



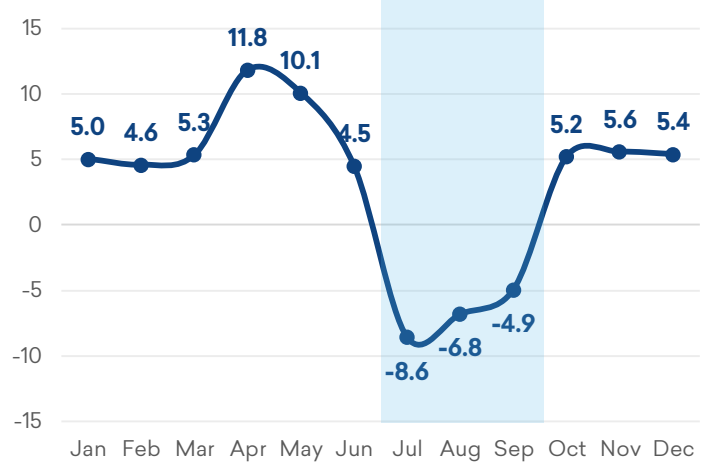
Source: NBG

### TOURISM INFLOWS (in USD, same month 2019=100, %)



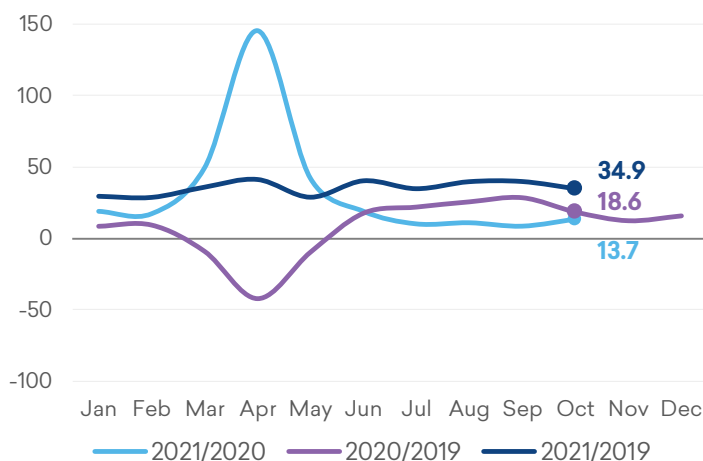
Source: NBG, TBC Bank, TBC Capital

### TOURISM INFLOWS IN 2019 (in USD, YoY, %)



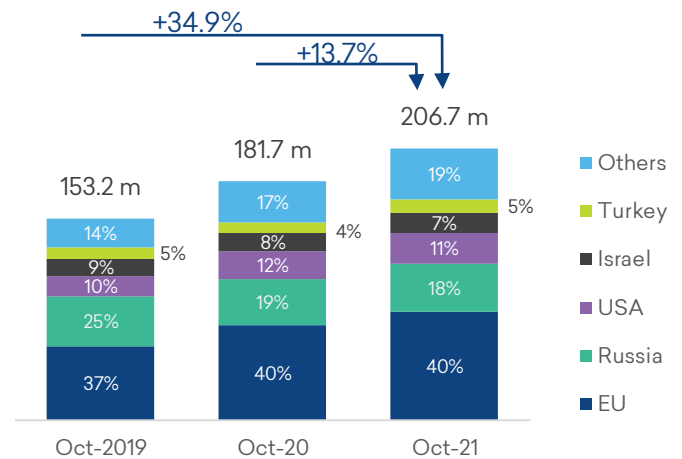
Source: NBG

### REMITTANCES (in USD, %)



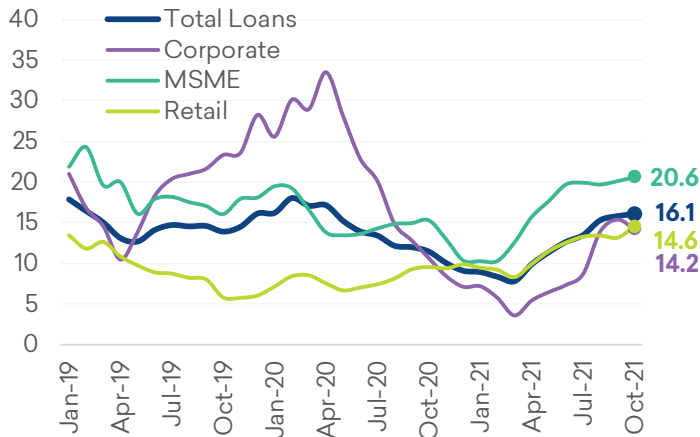
Source: NBG

### REMITTANCES BY COUNTRIES (in USD)



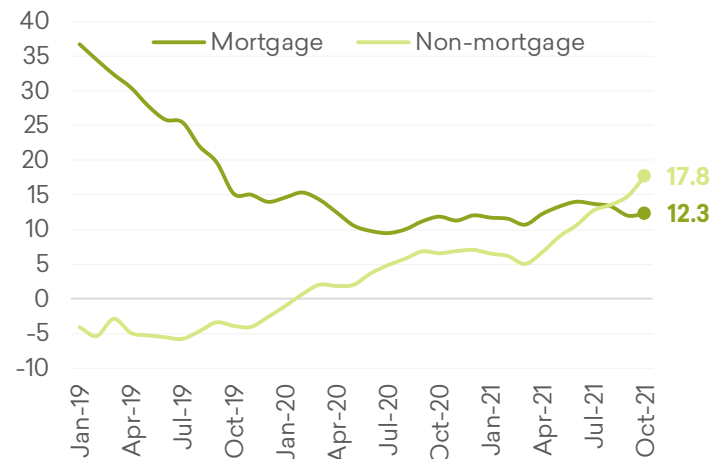
Source: NBG

### GROWTH OF LOANS BY SEGMENTS (YoY, excl. FX effect, %)



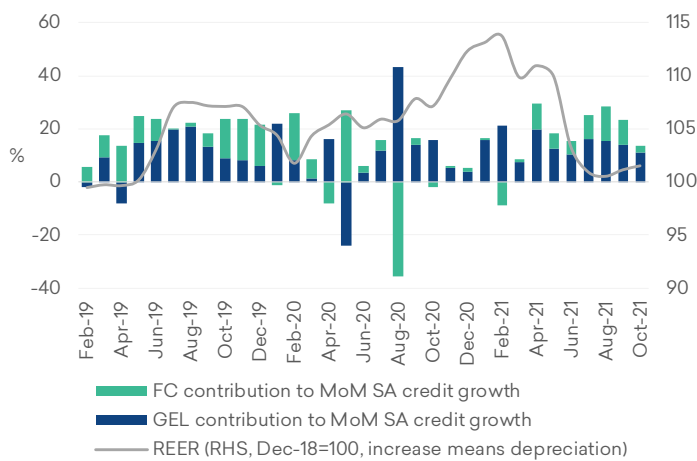
Source: NBG, TBC Capital

### GROWTH OF RETAIL LOANS BY SEGMENTS (YoY, excl. FX effect, %)



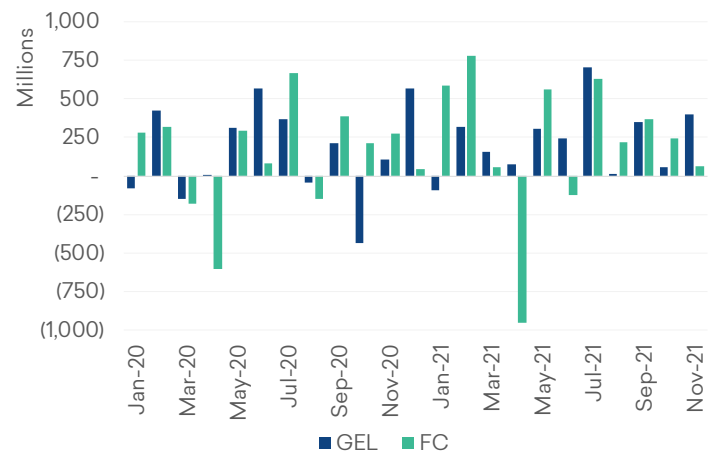
Source: NBG, TBC Capital

### GROWTH OF LOANS BY CURRENCIES AND THE GEL REER



Source: NBG, TBC Capital

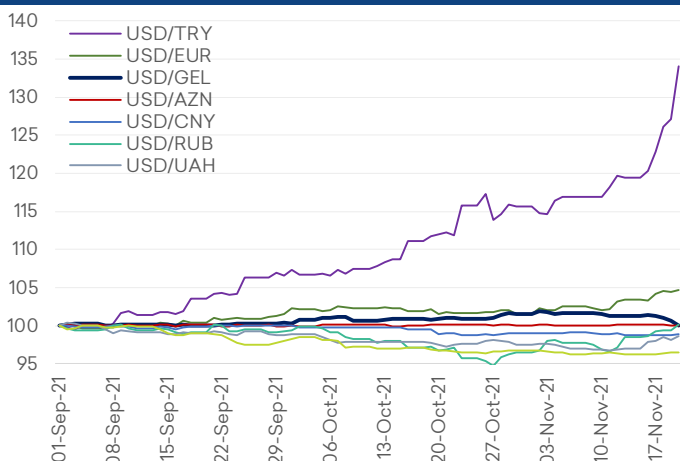
### GROWTH OF DEPOSITS BY CURRENCIES (MoM, SA, FX-adjusted GEL)



Note: Excluding government deposits; October and November estimates are based on M2 and M3 daily dynamics; as of 17-Nov-2021

Source: NBG, TBC Capital

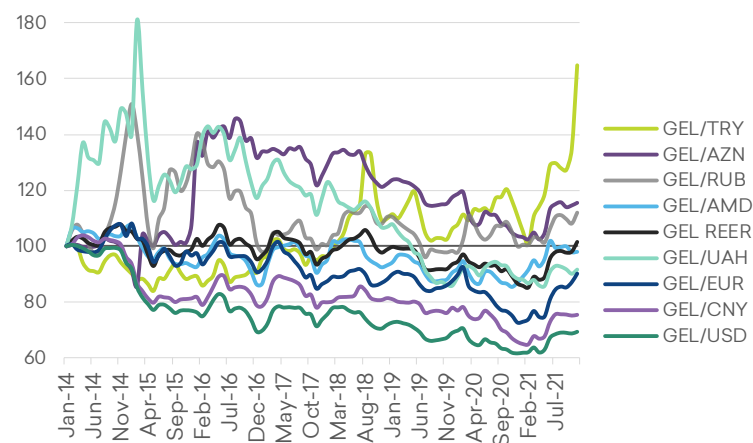
### GEORGIA'S MAJOR TRADE PARTNERS' CURRENCIES TO USD (1-Sep-2021 = 100)



Note: As of 19-Nov-2021

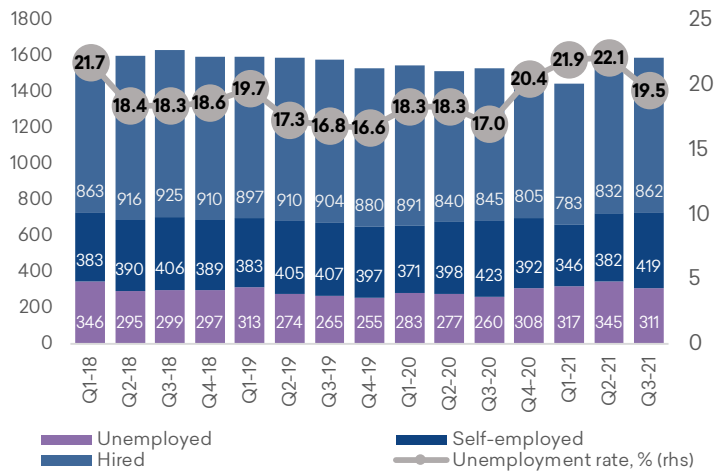
Source: NBG

### RER INDICES OF GEL (JAN-14 = 100)



Note: As of 19 Nov, increase means GEL appreciation

Source: NBG, corresponding statistical entities, TBC Capital

**INDICATORS OF THE LABOUR FORCE**


Source: GeoStat

**Data releases to watch this week:**

- Nov 25 – Loans and Deposits Detailed Statistics, October 2021.

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**TBC CAPITAL**

Financial crisis

Millions

40000

35000

30000

25000

15000

10000

Sort 3

Sort 4

Federal sp