



Tracking The Recovery

05.02.2021

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MACROECONOMICS



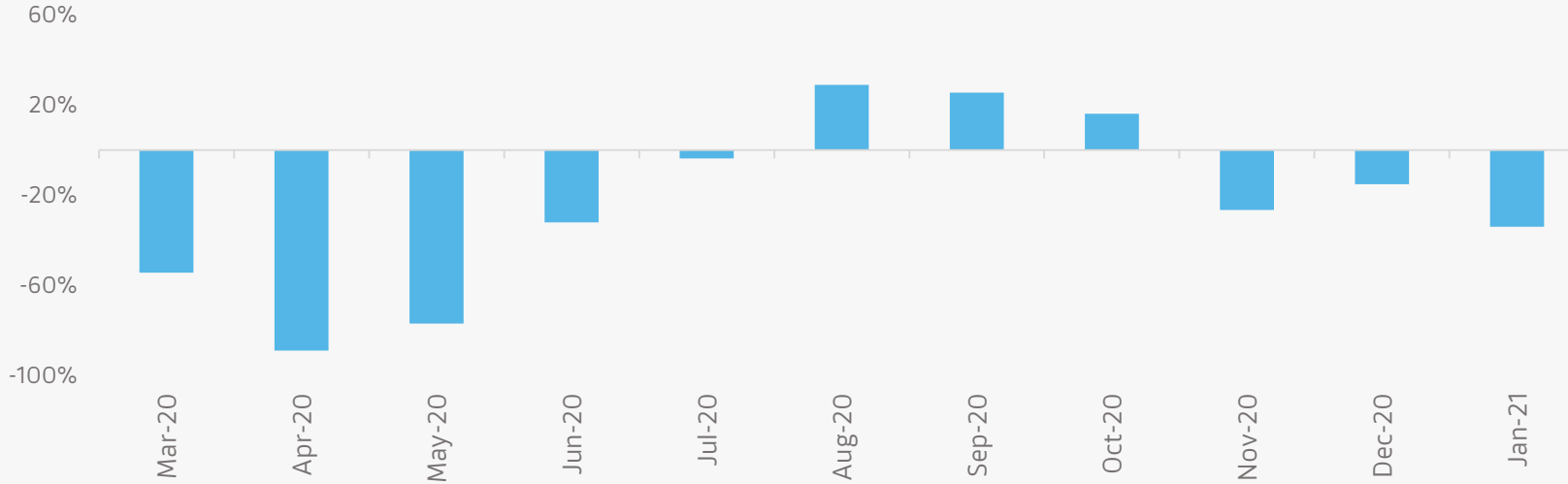
KEY DEVELOPMENTS

- **Newly issued mortgages indicate sharp deterioration in January 2021, with a weakened tendency also observed in residential real estate transactions**
- **Resident non-cash spending on categories excluding grocery and pharmacy demonstrating no improvement compared to the previous week's performance**
- **Among different categories, non-cash spending on apparel, construction materials, furniture and electronics continued to decline sharply in the last week of January 2021**
- **Non-cash spending on entertainment and fitness remain close to zero in the last four months**
- **Actual occupancy for January indicates the highest rate in Kakheti, close to the previous year's level**

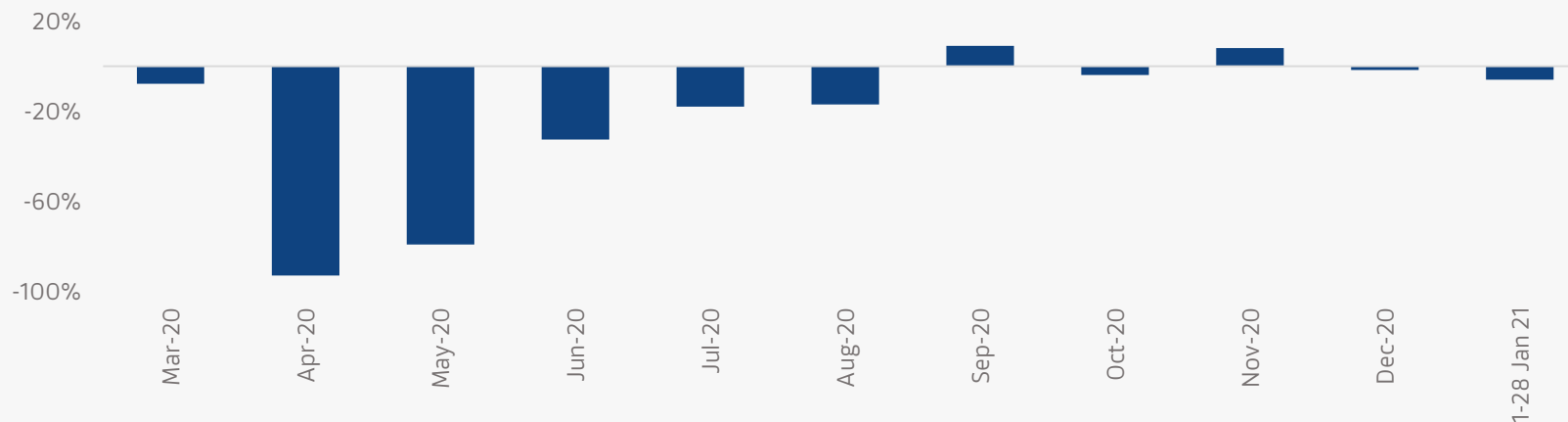
*Sector growth is based on POS and E-commerce payments through TBC channels; Growth rates may differ from total turnover dynamics due to the changing share of non-cash transactions and TBC market share

NEWLY ISSUED MORTGAGES INDICATE SHARP DETERIORATION IN JANUARY 2021, WITH A WEAKENED TENDENCY ALSO OBSERVED IN RESIDENTIAL REAL ESTATE TRANSACTIONS

Dynamics of newly mortgages issued by TBC (% change YoY, FX adjusted)

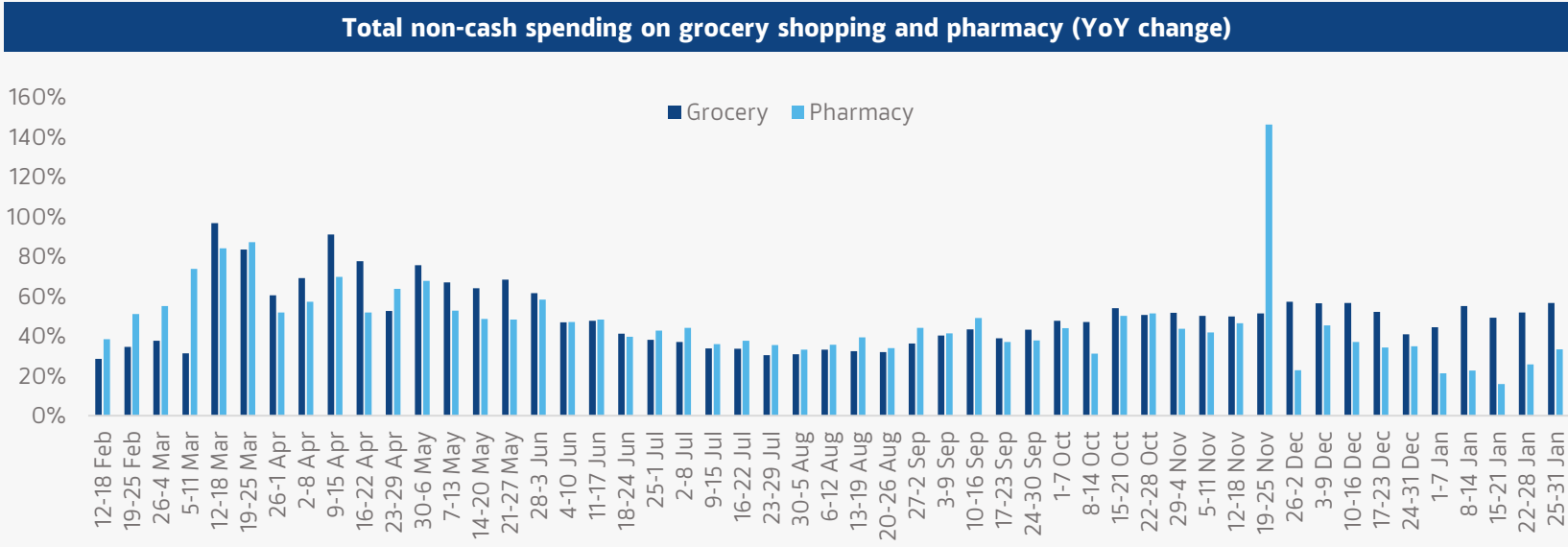
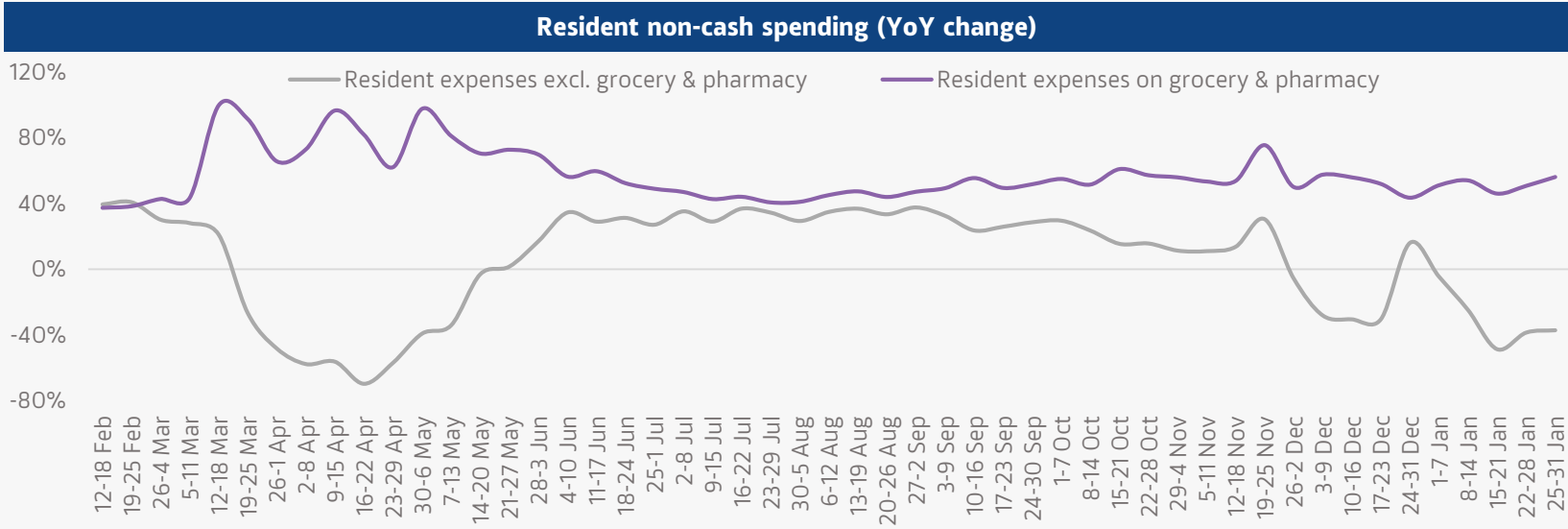


Dynamics of the number of apartments sold in Tbilisi (% Change YoY)



- The newly issued mortgages plummeted by 34.0% YoY (FX adjusted) in January 2021, the highest annual decrease since May 2020
- The YoY growth rate of the transaction registrations in Tbilisi stood at -6% in the 1-28 January period

SPENDING ON CATEGORIES EXCLUDING GROCERY AND PHARMACY DEMONSTRATES NO CHANGE COMPARED TO THE PREVIOUS WEEK

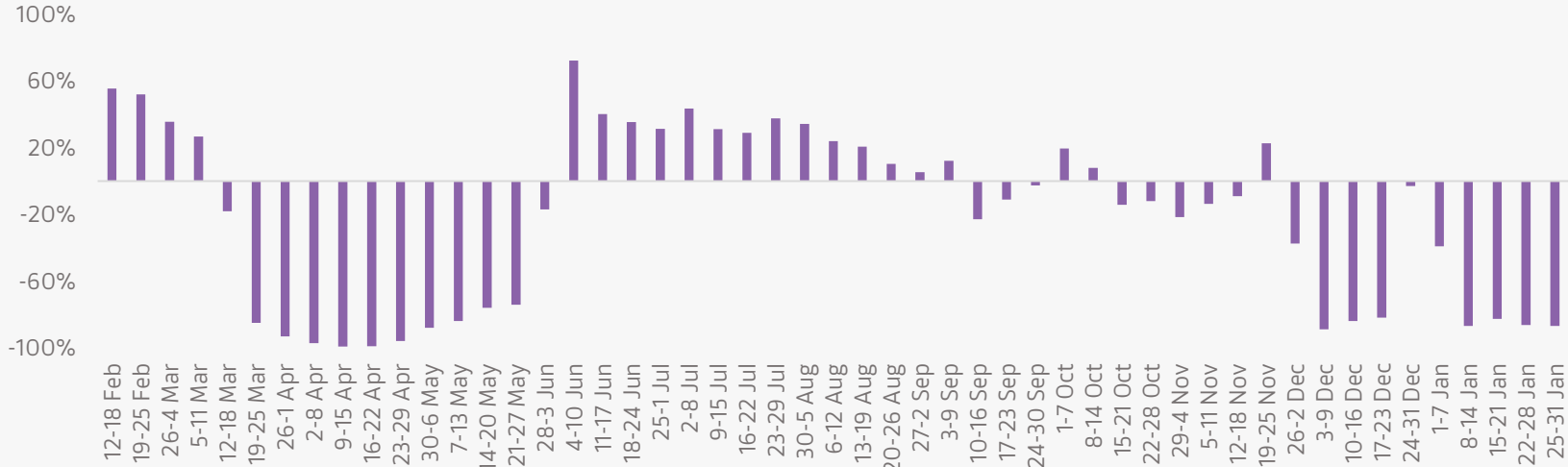


- At 56% YoY in the 25-31 Jan period, growth remained sizable in resident non-cash spending on grocery & pharmacy, demonstrating a moderate rise compared to the previous week
- Growth of non-cash spending on categories excluding grocery and pharmacy declined by -37% YoY in the 25-31 January period, remaining more or less stable compared to the previous week's performance

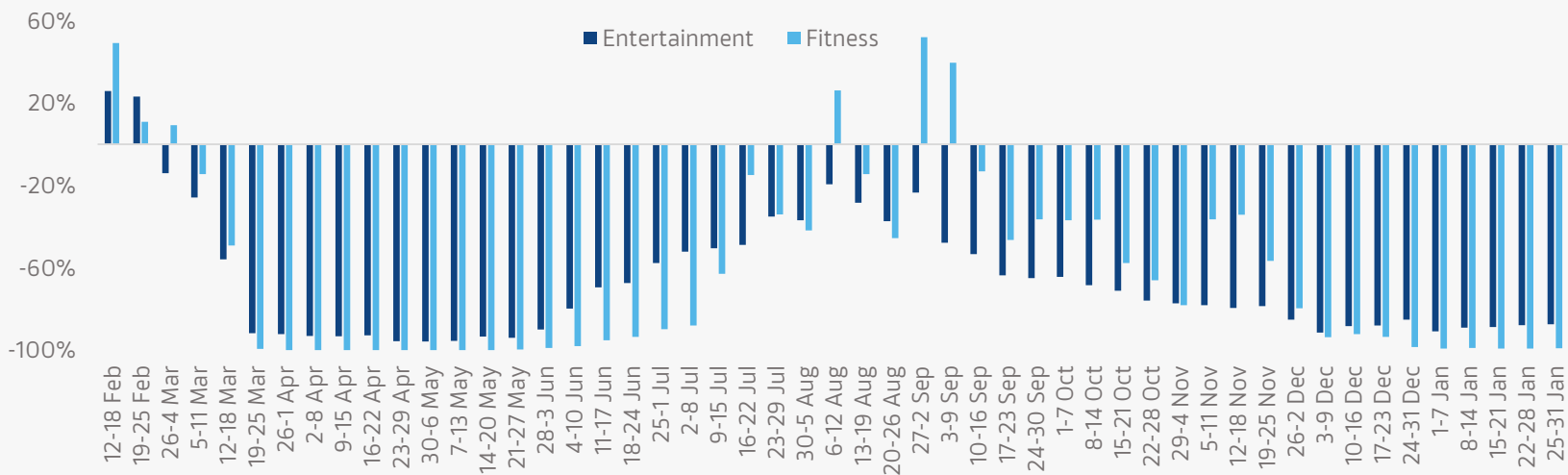
Source: TBC Bank

IN ANTICIPATION OF THE END OF THE ECONOMIC ACTIVITY RESTRICTIONS, YOY GROWTH OF SPENDING ON APPAREL REMAINS SHARPLY DOWN

Non-cash spending on apparel & accessories (YoY change)



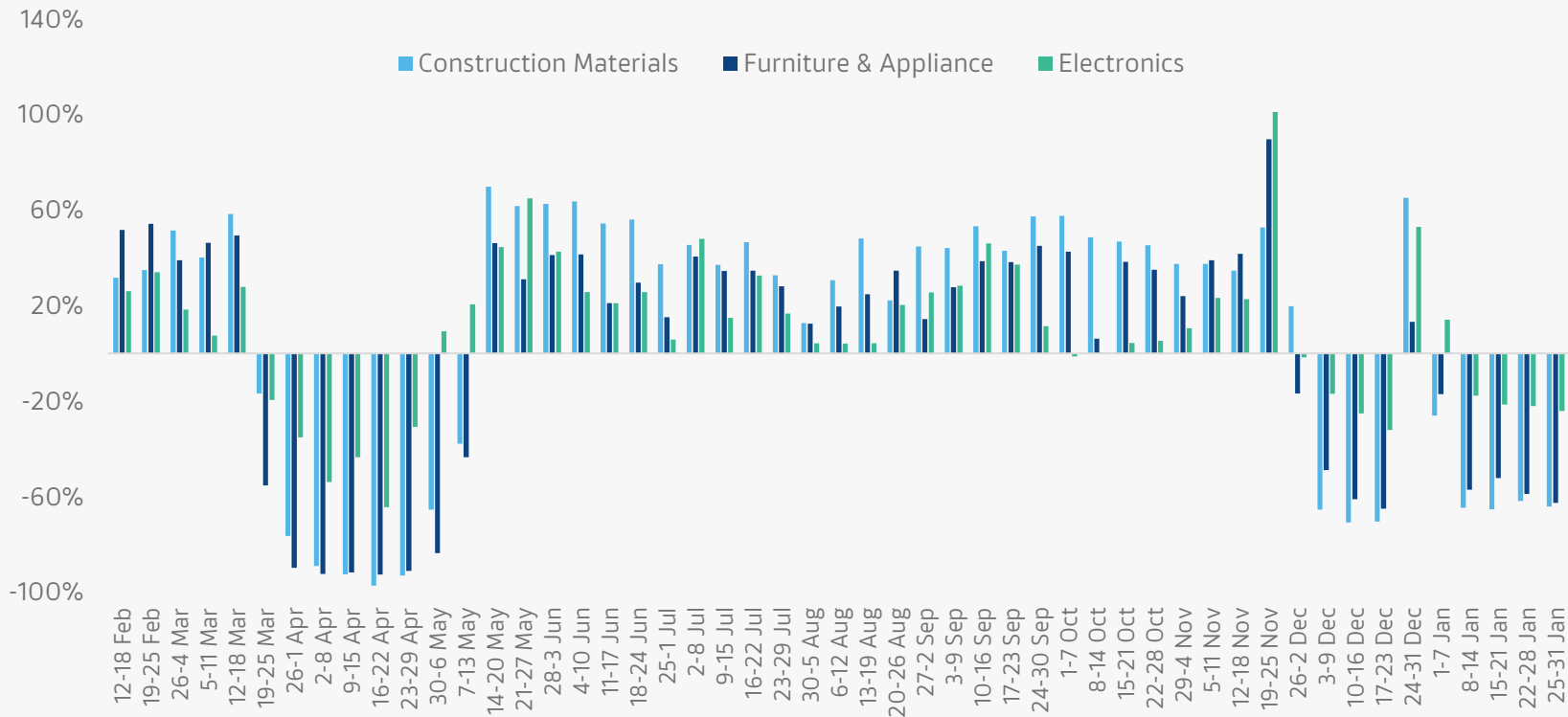
Non-cash spending on entertainment and fitness (YoY change)



- Growth of non-cash transactions on apparel continued to decline considerably in 25-31 January period, standing at -87% YoY
- Spending on entertainment and fitness remains sharply down at -87% YoY and at -99% YoY in 25-31 January period, respectively

SPENDING ON CONSTRUCTION MATERIALS AND HOUSEHOLD GOODS CONTINUED TO DECLINE SHARPLY THROUGHOUT JANUARY 2020

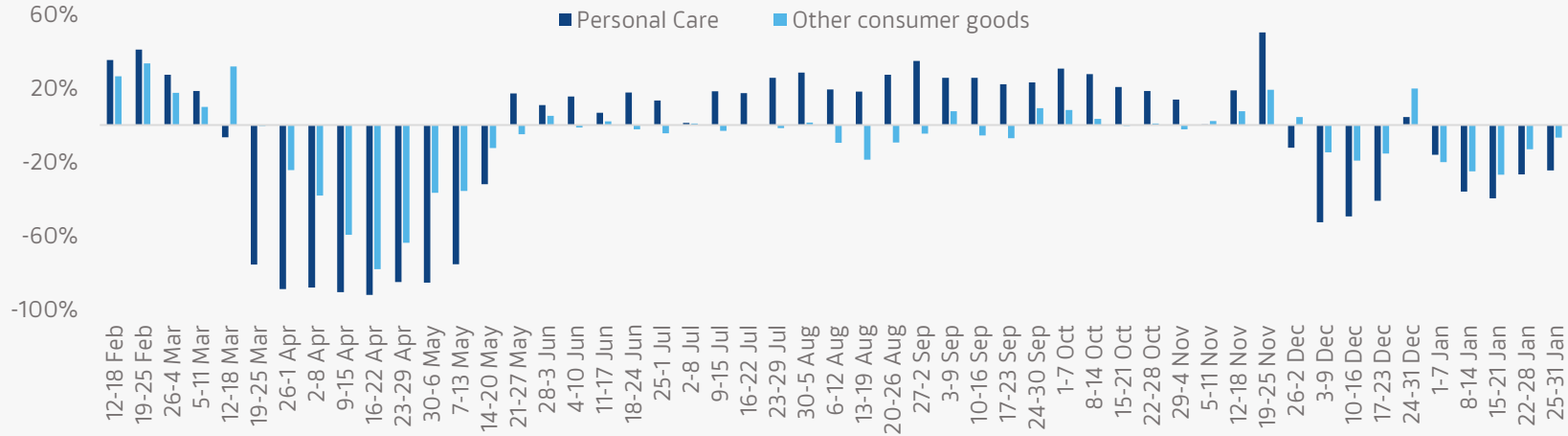
Non-cash spending on construction materials and consumer durables (YoY change)



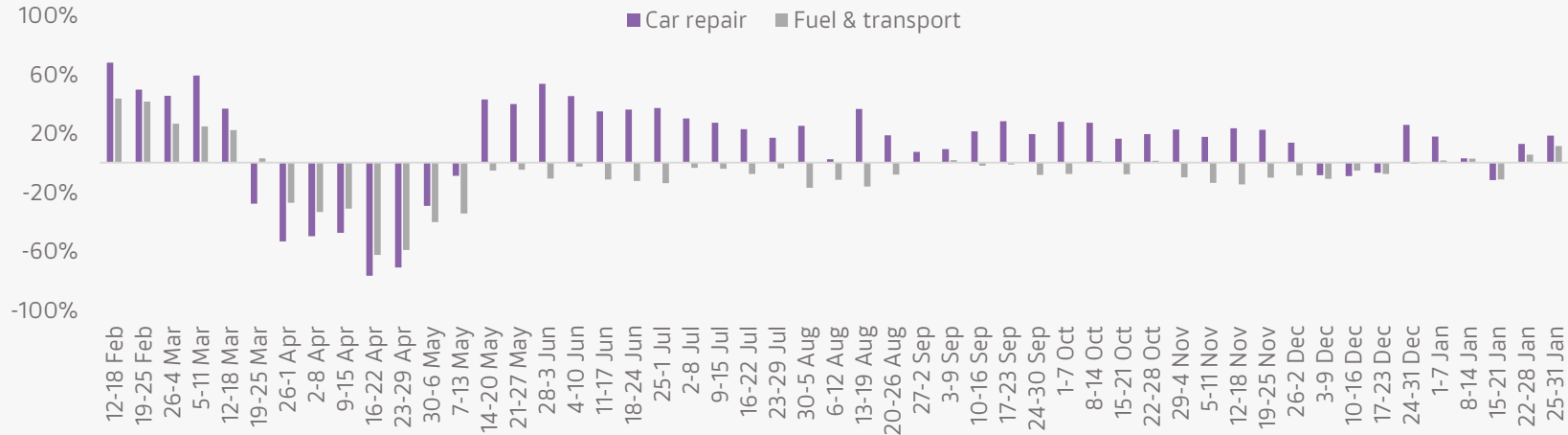
- Non-cash spending on electronics worsened by 24% YoY in the 25-31 January period
- A significant drop is observed again in non-cash spending on construction materials at -64% YoY in the 25-31 January period
- Non-cash spending on furniture and appliances remains down at -63% YoY in the 25-31 January period

GROWTH OF SPENDING ON PERSONAL CARE REMAINS ON THE NEGATIVE GROWTH TERRITORY; YOY GROWTH OBSERVED IN SPENDING ON FUEL

Non-cash spending on personal care and other consumer goods (YoY change)

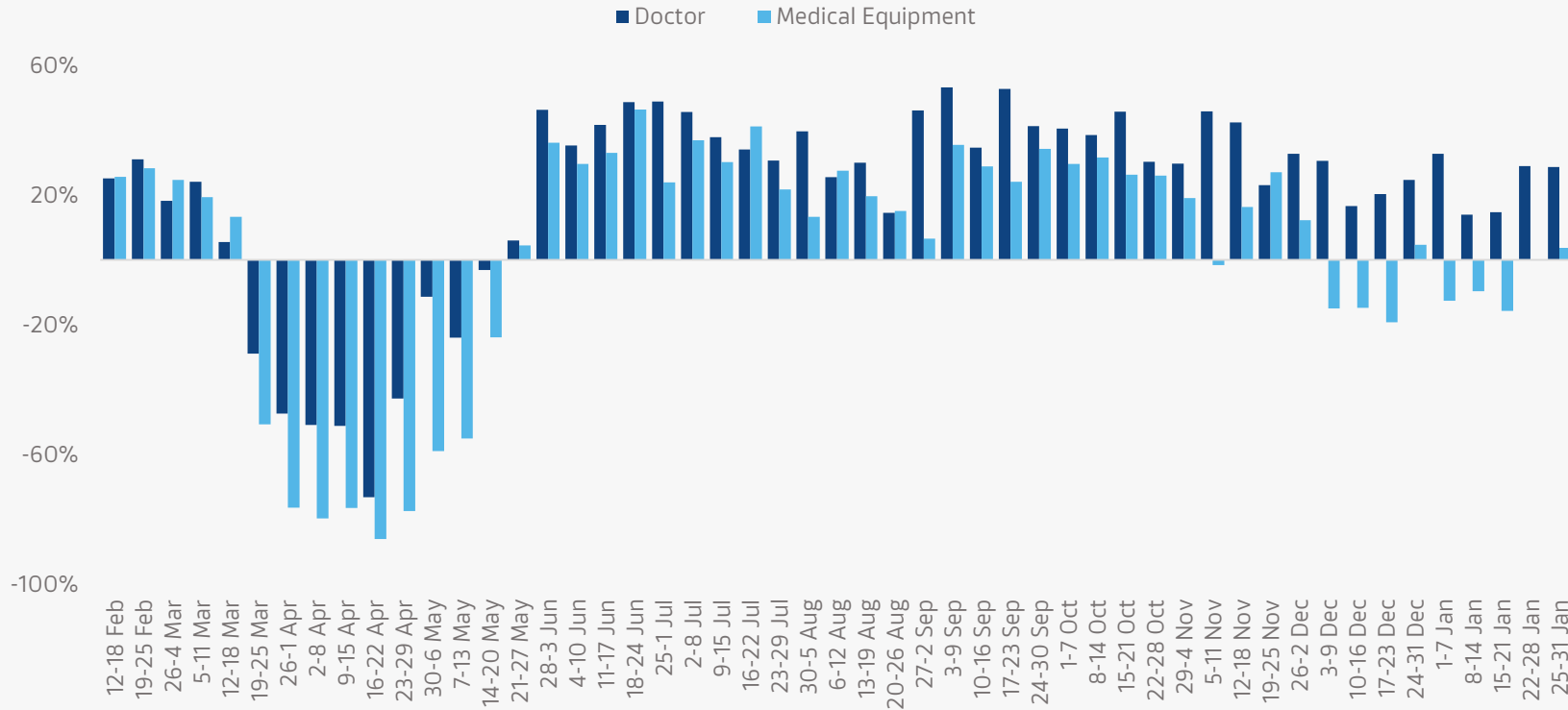


Non-cash spending on car repair and fuel & transport (YoY change)



- Growth of non-cash spending on personal care stands at -25% YoY. Growth of spending on other consumer goods is also on the negative growth territory at -7% YoY in the 25-31 January period
- Growth of spending on car repair services remained on the positive growth territory at +18% YoY in the 25-31 January period
- Growth of non-cash spending on fuel moved to the positive growth territory at 11% in the January 25-31 period

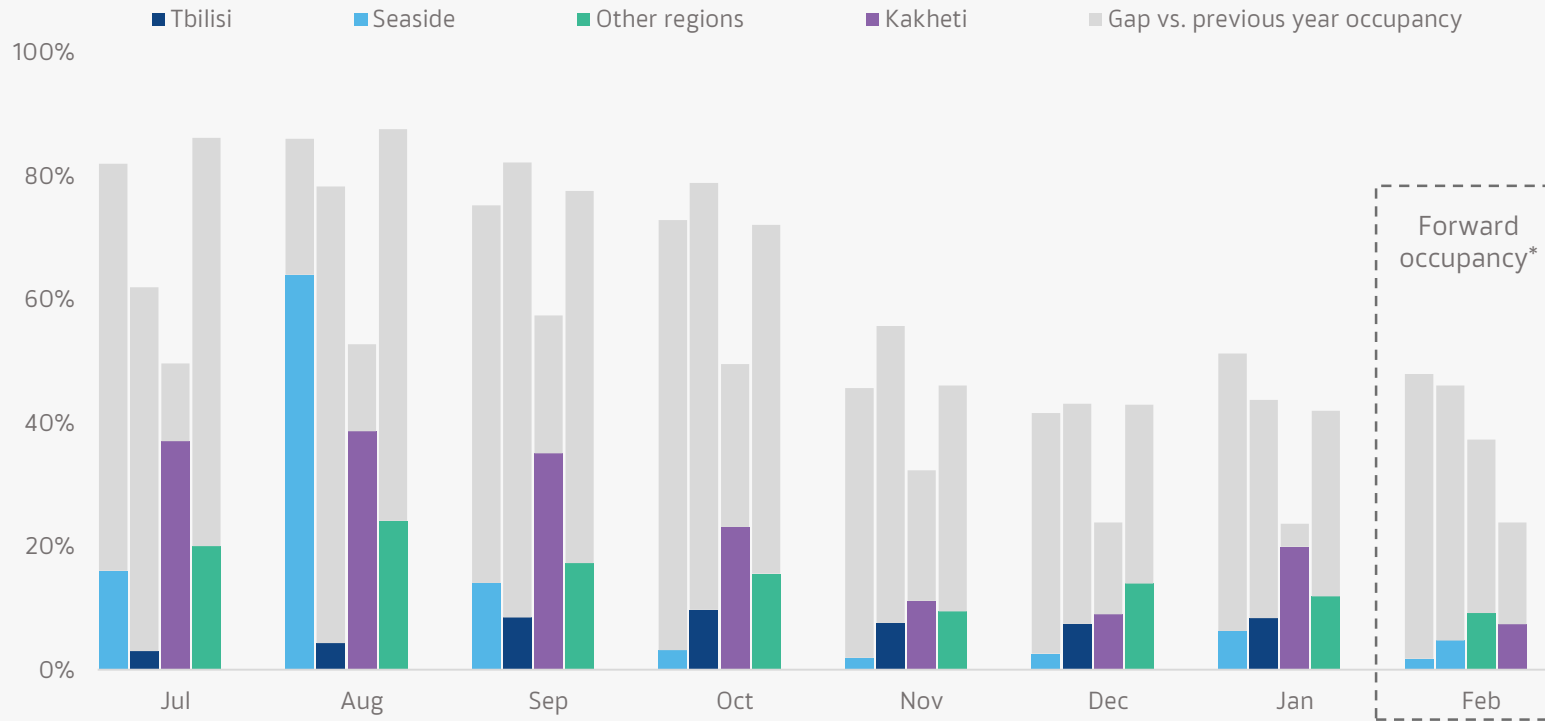
Non-cash spending on doctor visits and medical equipment (YoY change)



- Growth of non-cash spending on doctor visits remains strong at +29% YoY in the 25-31 January period
- Growth of non-cash spending on medical equipment back on the positive growth territory, standing at 4% YoY

HOTEL SURVEY 03.02.2020: ACTUAL OCCUPANCY FOR JANUARY INDICATES THE HIGHEST RATE IN KAKHETI, CLOSE TO THE PREVIOUS YEAR'S LEVEL

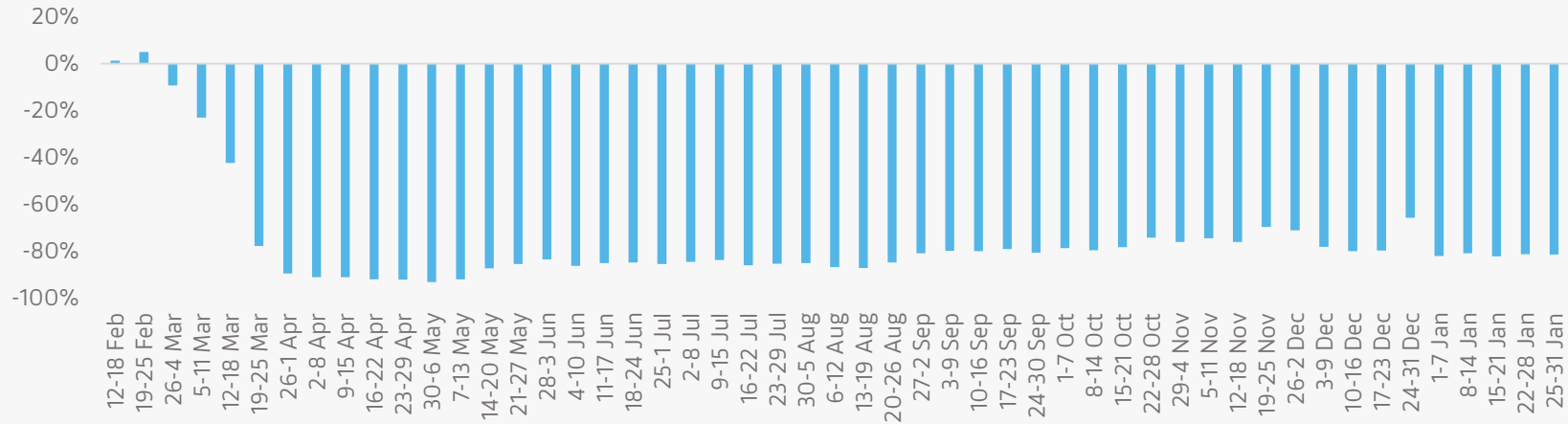
Occupancy rates (%) – actual and by current bookings



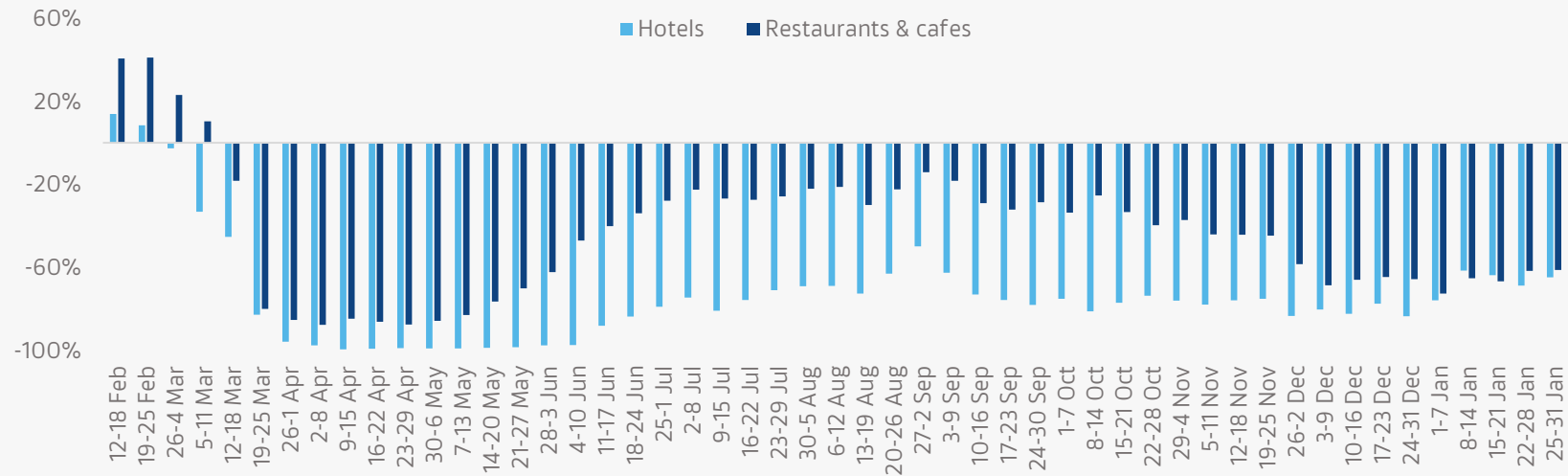
- **Actual occupancy rates for January** amounted to 6% for Seaside, 8% for Tbilisi, 12% for other regions and 20% for Kakheti
- **Weekend occupancy:** compared to the previous weekend, occupancies decreased slightly in Kakheti, Other Regions and seaside while increase has been observed in Tbilisi
- **Price discounts:** the largest ADR discounts in January are observed in other regions, followed by Tbilisi and Seaside. Hotels in Kakheti offer relatively smaller discounts

Source: Survey of 26 corporate hotels; *Since domestic tourists do not tend to book hotels in advance, actual occupancies tend to be higher than forward occupancies

Total non-cash non-resident expenses (YoY change)

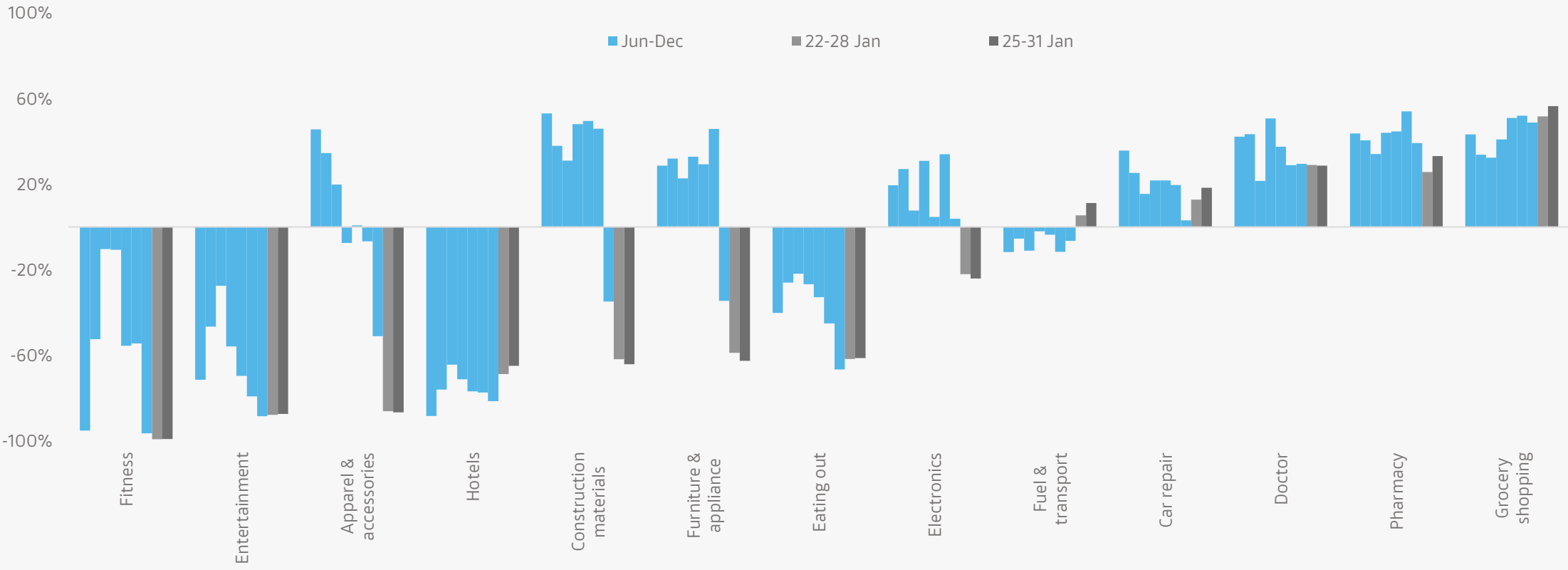


Non-cash spending on accommodation and eating out (YoY change)



- The growth in non-cash spending in hotels stands at -65% YoY this week, marginally up compared to the previous week
- Non-cash spending in restaurants remains down at 61% YoY in the 25-31 January period

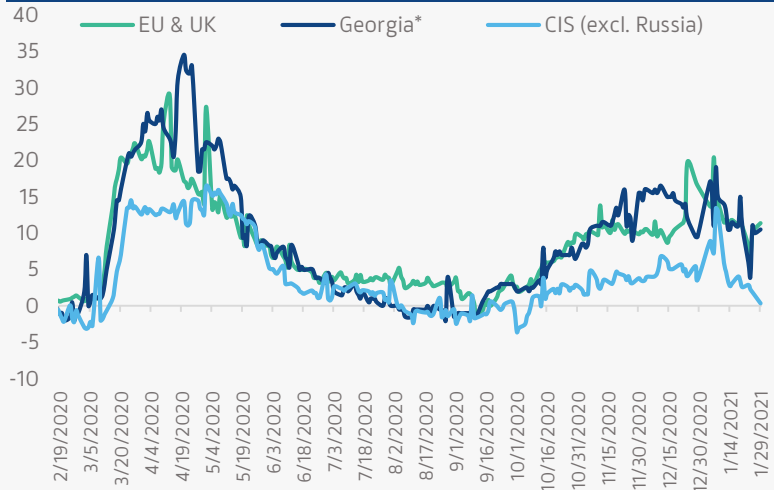
Dynamics of non-cash spending as of January 31st (YoY change)



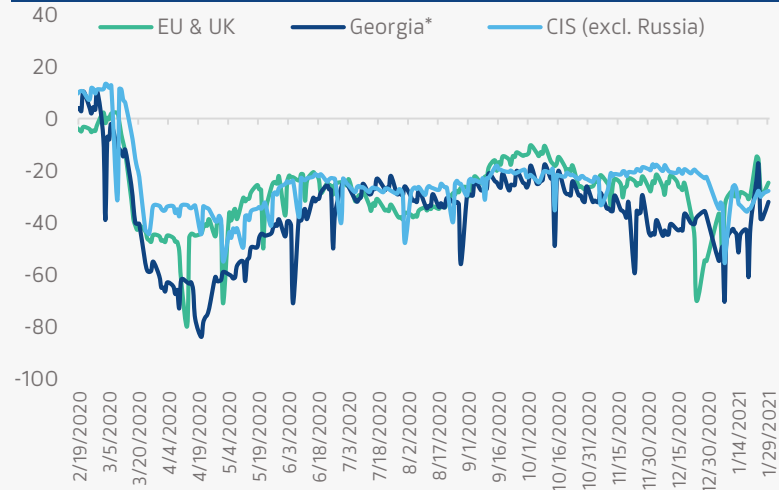
Source: TBC Bank

THE EFFECT OF RESTRICTIONS IN GEORGIA VISIBLE IN GOOGLE MOBILITY DYNAMICS

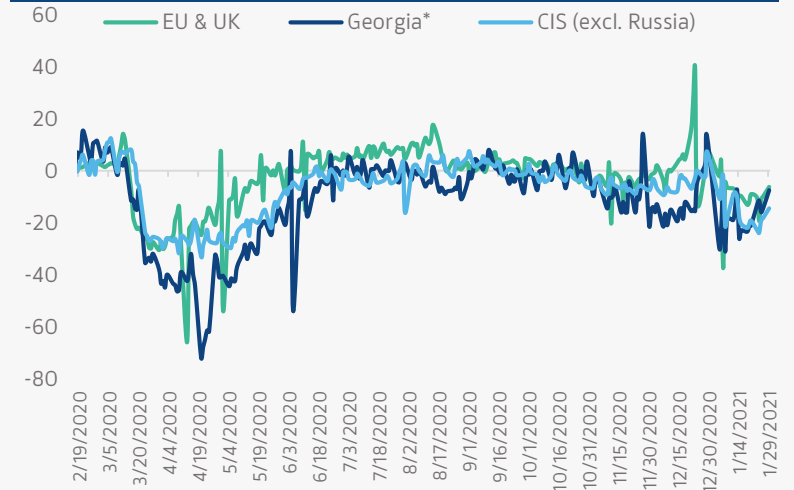
Mobility in residential area (Change %)



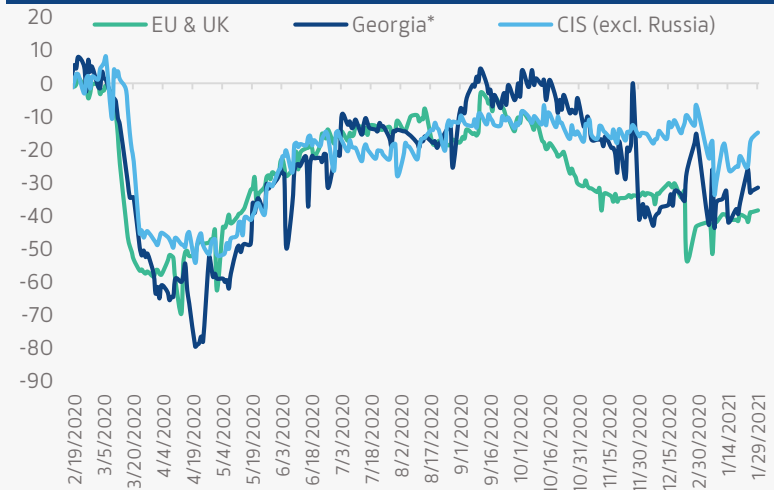
Mobility in working places (Change %)



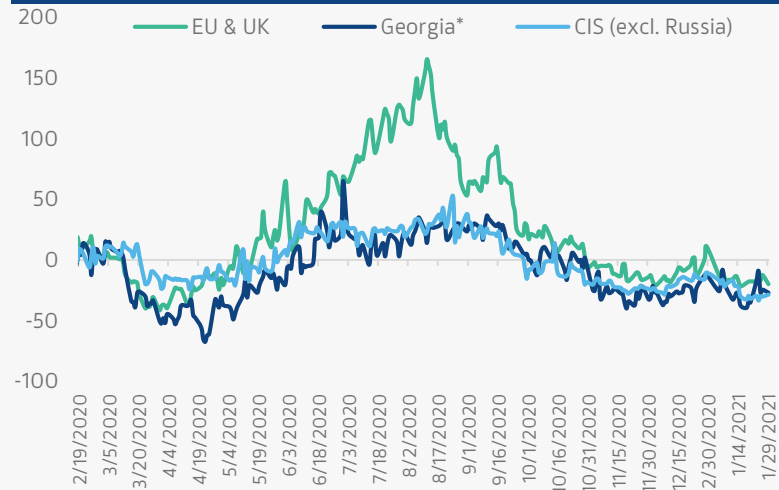
Mobility in grocery and pharmacy (Change %)



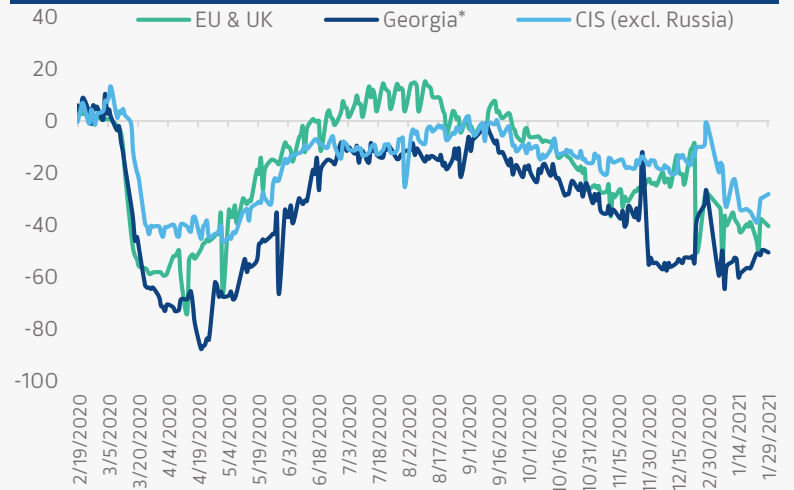
Mobility in transit stations (Change %)



Mobility in parks and recreational area (Change %)



Mobility in retail & recreation (Change %)



Source: Google; Note: Change compared to first 5 weeks of 2020; *Data for Georgia is unavailable from 5/19/2020 to 7/2/2020

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