



Tracking The Recovery

19.03.2021

MACROECONOMICS

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KEY DEVELOPMENTS

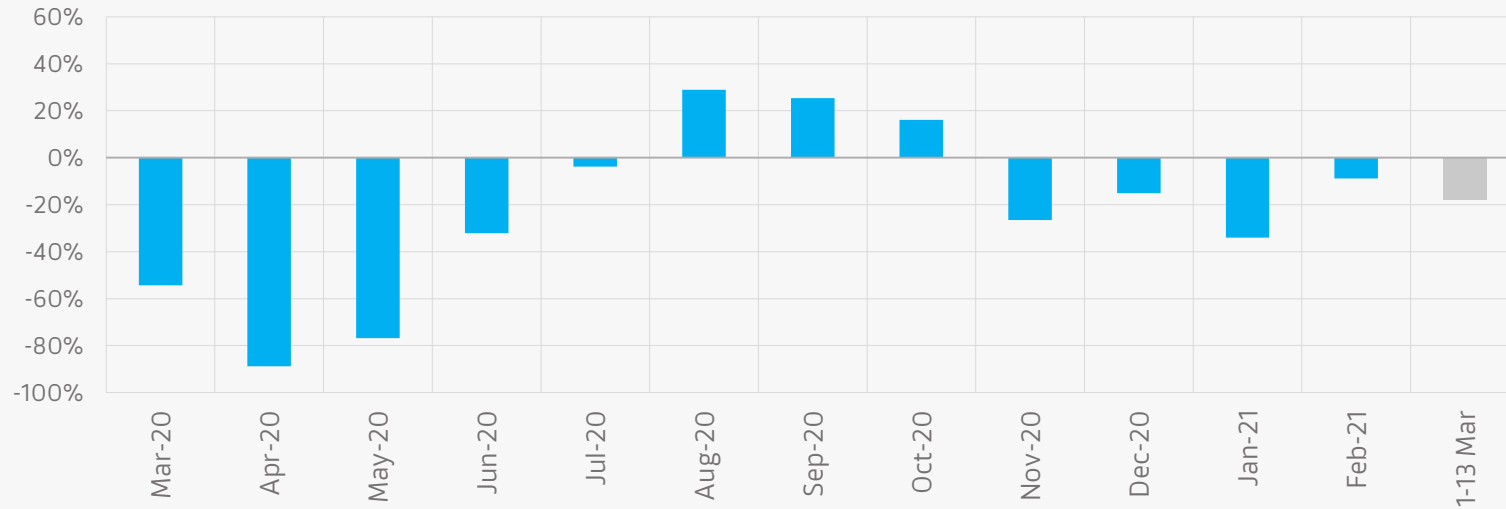
- **Decline in new mortgage issuance deepened in the first two weeks of March**
- **Dynamics of Tbilisi's residential property transactions also worsened**
- **Growth of spending on categories excluding grocery and pharmacy returning close to the pre-Covid level as most of the restrictions are eased**
- **Spending on apparel displayed high growth; fitness recovered quickly after reopening, some improvement also observed for spending on entertainment**
- **Spending in restaurants gradually strengthening; improvement also visible for hotels compared to February; non-cash expenses by non-residents also improving, but at a lower pace**
- **Remittance inflows maintained high growth, but slightly lower compared to the week before**

Note: 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

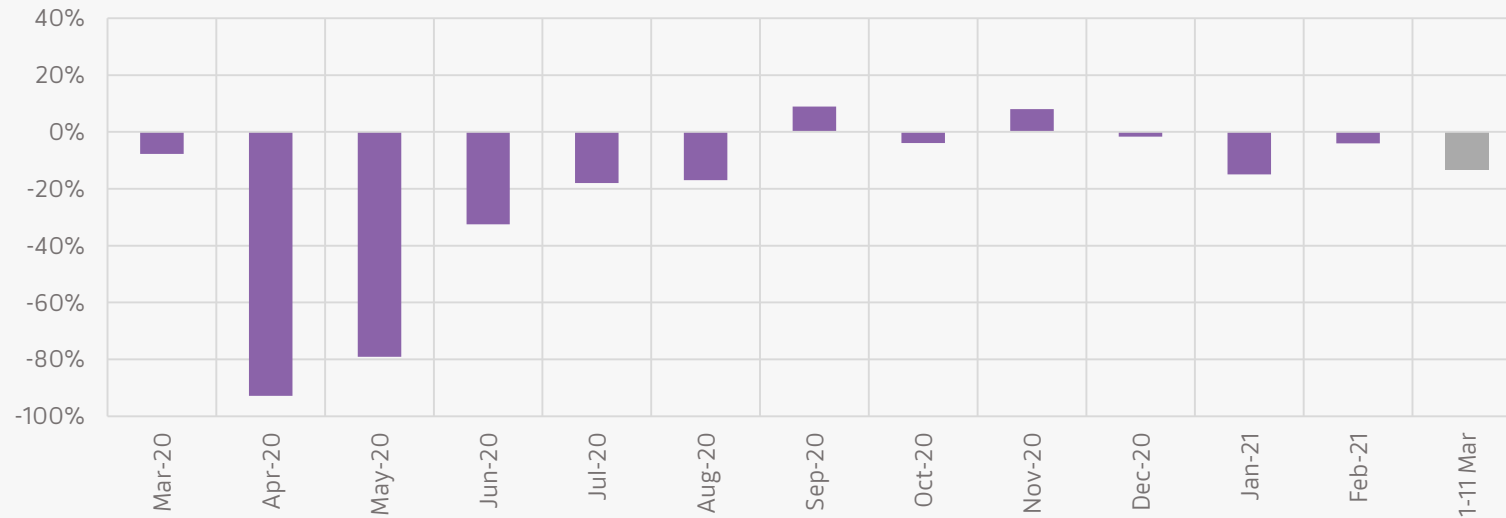
DECLINE IN NEW MORTGAGE ISSUANCE DEEPENED IN THE FIRST TWO WEEKS OF MARCH ; DYNAMICS OF TBILISI'S RESIDENTIAL PROPERTY TRANSACTIONS ALSO WORSENE

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



Number of residential properties sold in Tbilisi (% Change YoY)

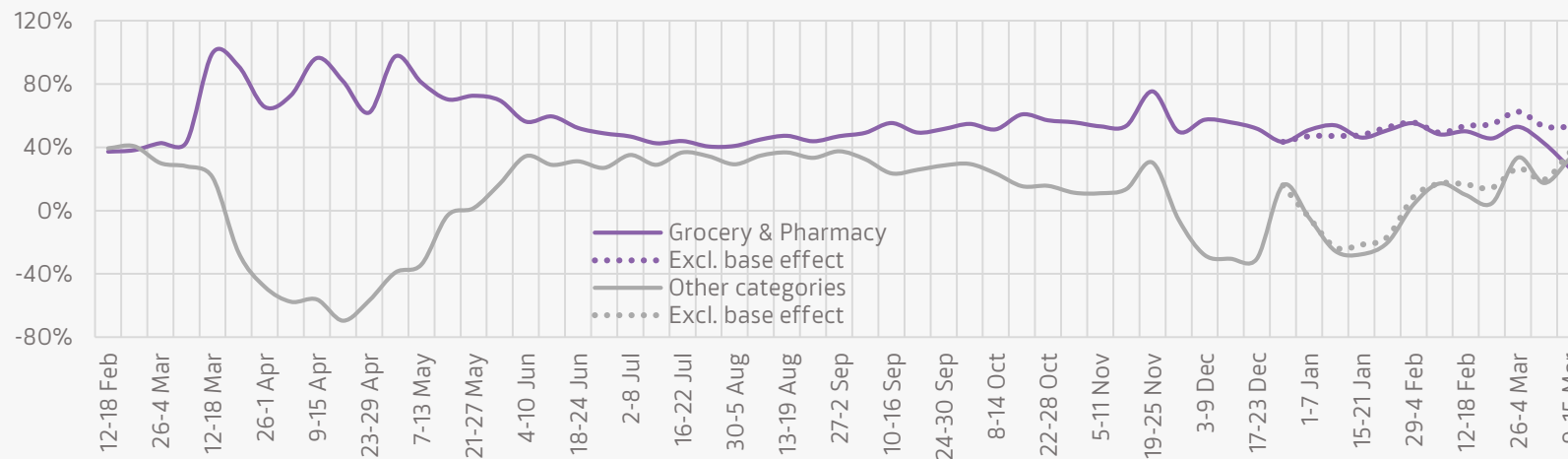


- The value of new mortgages issued was down by 17.8% YoY (FX adjusted) in the 1-13 March period, worsening compared to February
- The annual change of Tbilisi's residential real estate transactions amounted to -13% in the 1-11 March period of 2021

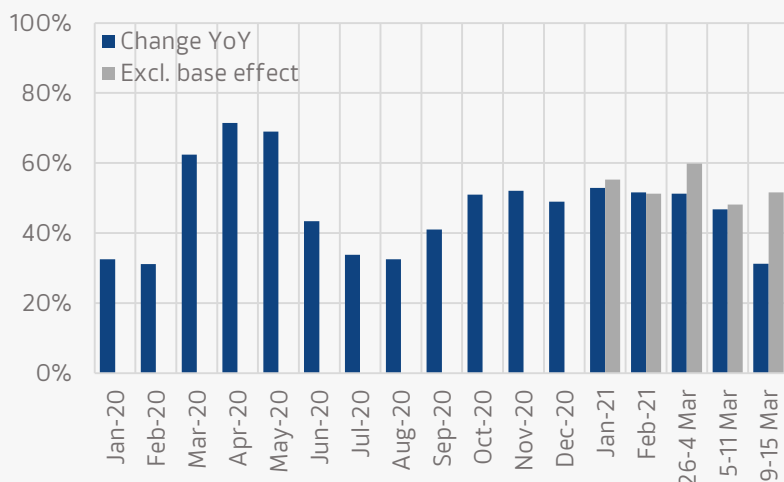
GROWTH OF SPENDING ON CATEGORIES EXCLUDING GROCERY AND PHARMACY RETURNING CLOSE TO THE PRE-COVID LEVEL AS MOST OF THE RESTRICTIONS ARE EASED

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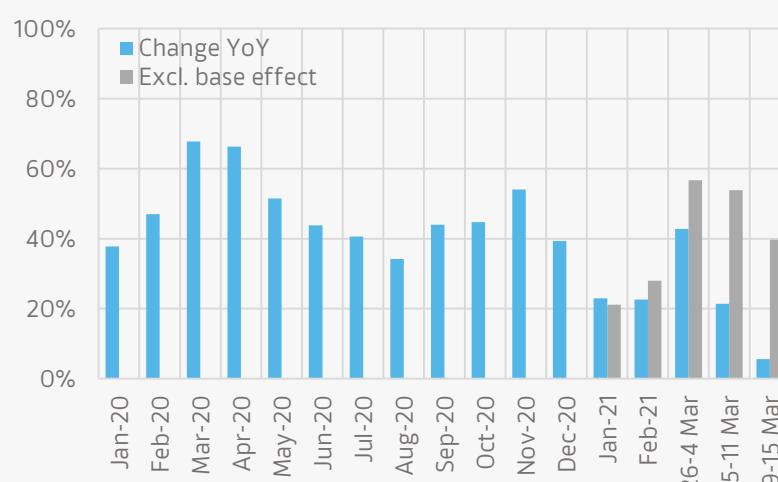
Resident non-cash spending (YoY change)



Grocery shopping: Non-cash spending



Pharmacy: Non-cash spending

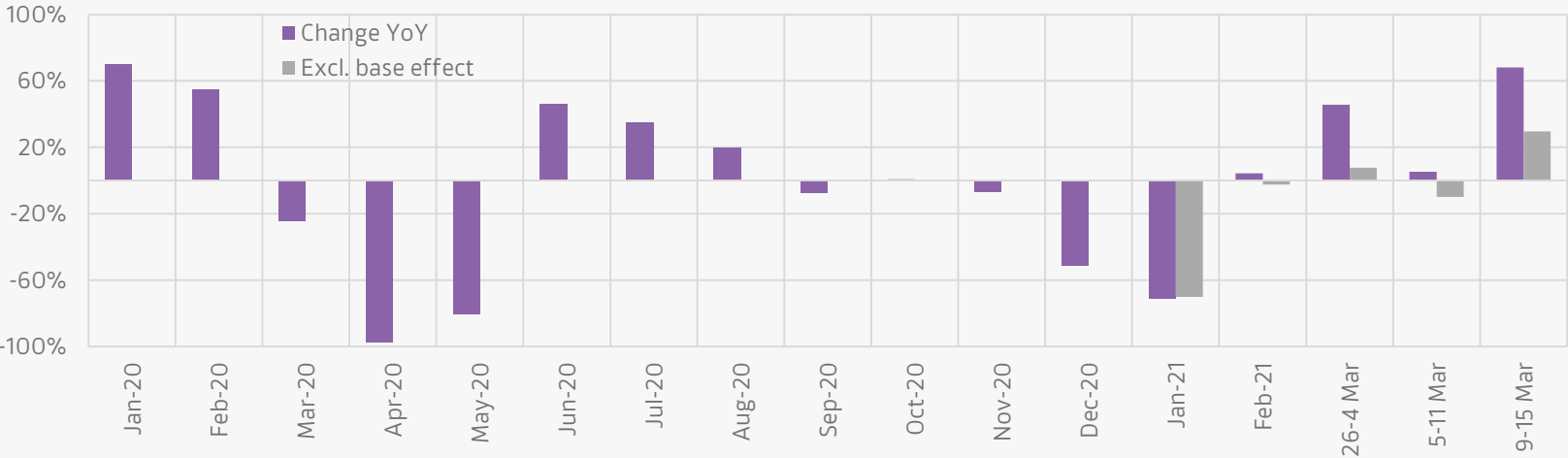


- Up 53% excluding base effect* in the 9-15 March period, resident non-cash spending on grocery & pharmacy remained sizable
- Growth of non-cash spending on categories excluding grocery and pharmacy rose to 37% in the 9-15 March period

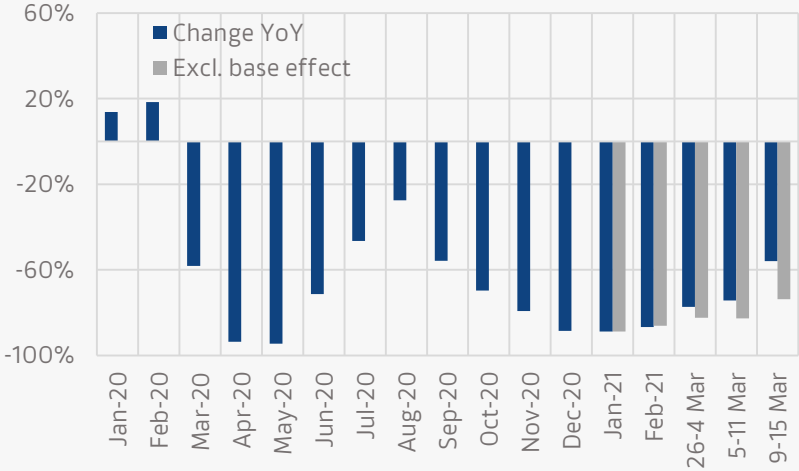
* **Adjustment for base effect:** YoY growth is no longer informative for most of the categories, as figures are distorted by the low base in respective weeks of 2020. To adjust for this effect, we estimate the normalized level of 2020 spending assuming pre-Covid rate of growth;
 ** The growth rate mentioned in the texts refer to the adjusted growth rates unless indicated otherwise

SPENDING ON APPAREL DISPLAYED HIGH GROWTH; FITNESS RECOVERED QUICKLY AFTER REOPENING, SOME IMPROVEMENT ALSO OBSERVED FOR SPENDING ON ENTERTAINMENT

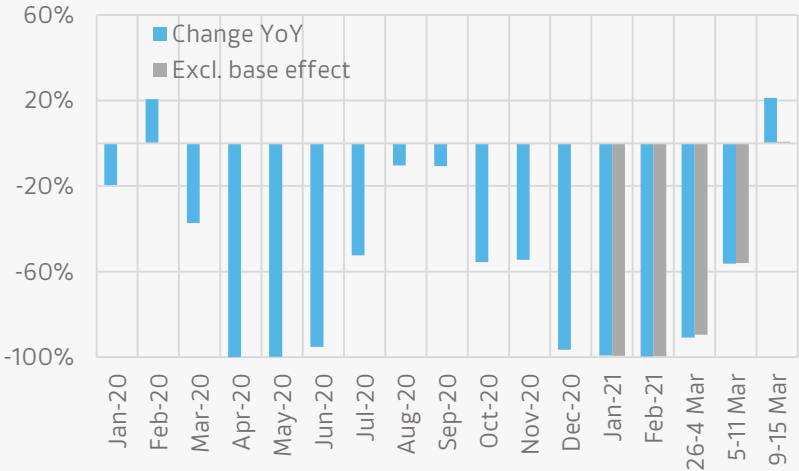
Apparel & accessories: Non-cash spending



Entertainment: Non-cash spending

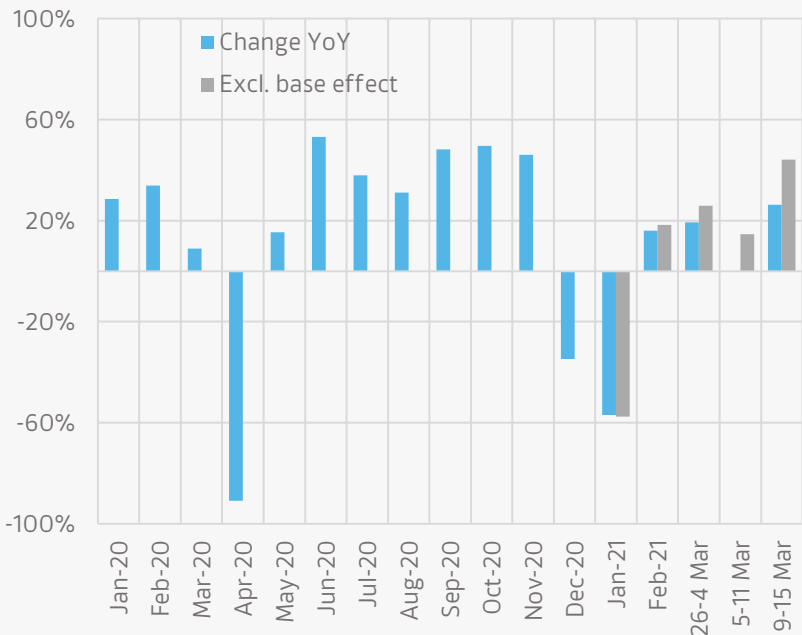


Fitness: Non-cash spending

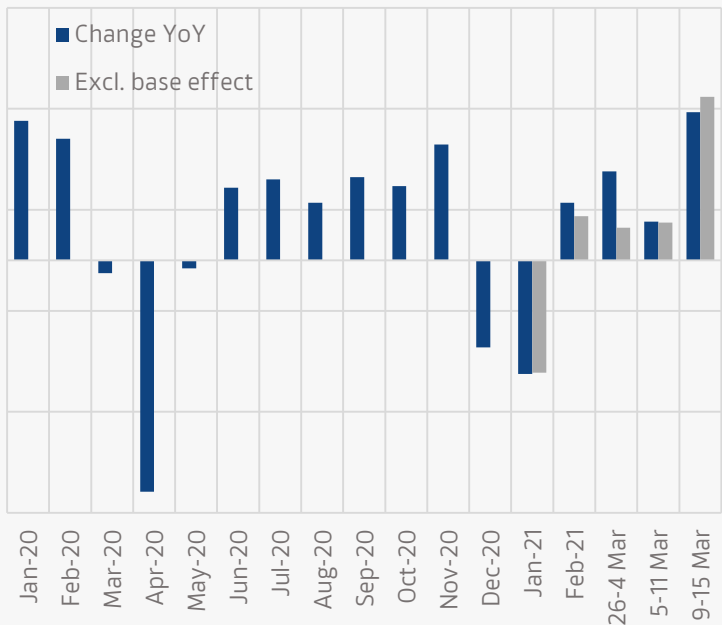


- Growth rate of non-cash transactions on apparel demonstrated a robust increase, standing at 30% in the 9-15 March period
- Growth rate of non-cash spending on fitness turned slightly positive, following the sharp decrease observed for several months
- Growth rate of non-cash spending on entertainment improved more moderately, down -74% in the 9-15 March period

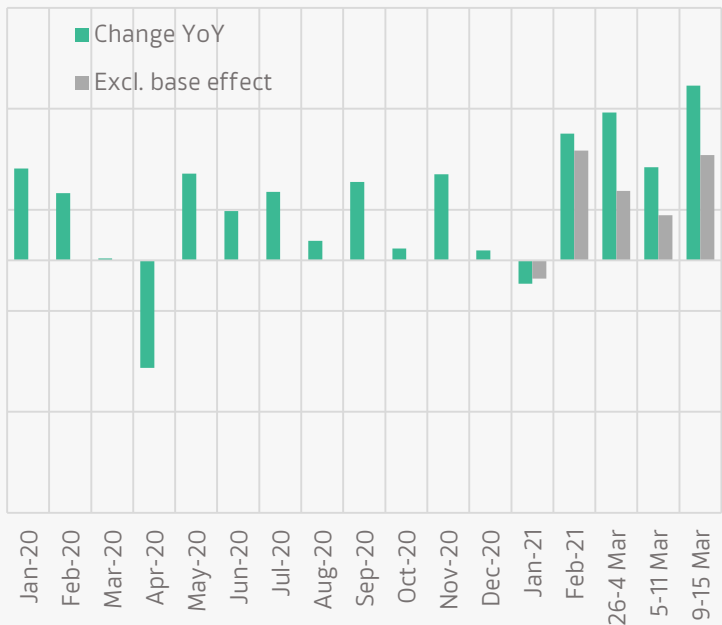
Construction materials: Non-cash spending



Furniture & appliance



Electronics

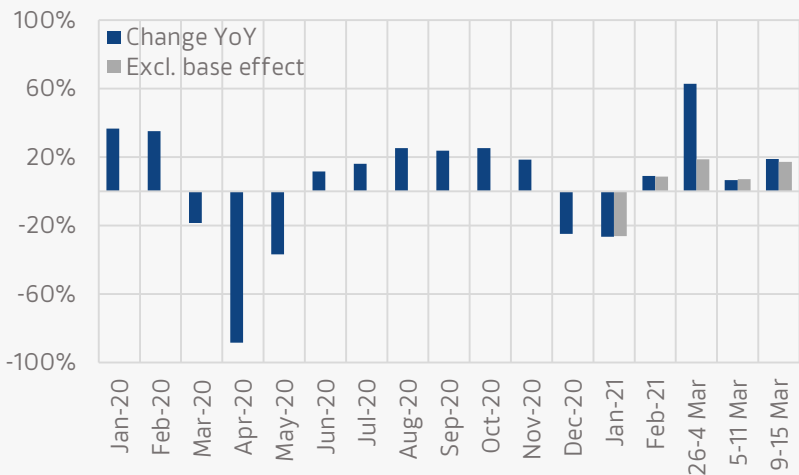


- Growth of non-cash spending on construction materials rose to 44% this week
- Non-cash spending on furniture and appliances hiked compared to the previous week, up by 65% in the 9-15 March period
- Growth of non-cash spending on electronics also surged, totaling 42% in the 9-15 March period

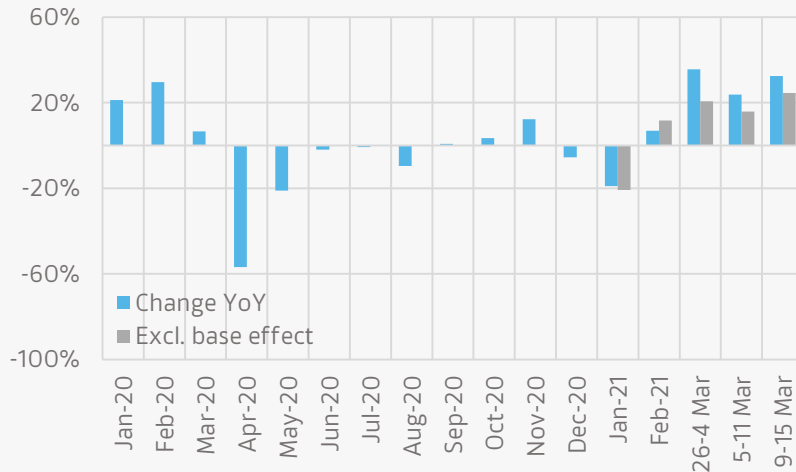
SPENDING DYNAMICS ON PERSONAL CARE AND OTHER CONSUMER GOODS BROADLY UNCHANGED FROM PREVIOUS WEEK; GROWTH OF SPENDING ON CAR REPAIR WEAKENED

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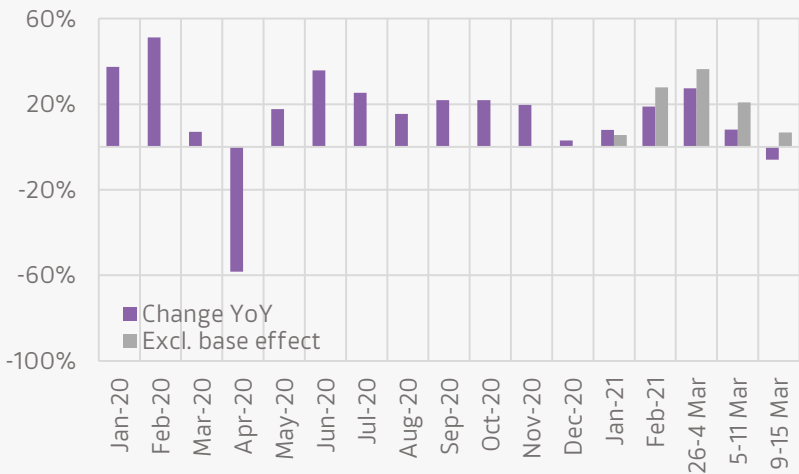
Personal care: Non-cash spending



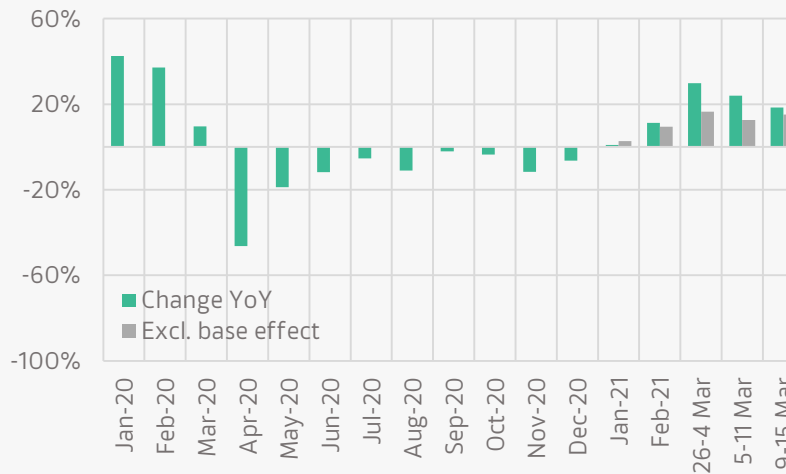
Other consumer goods: Non-cash spending



Car repair: Non-cash spending

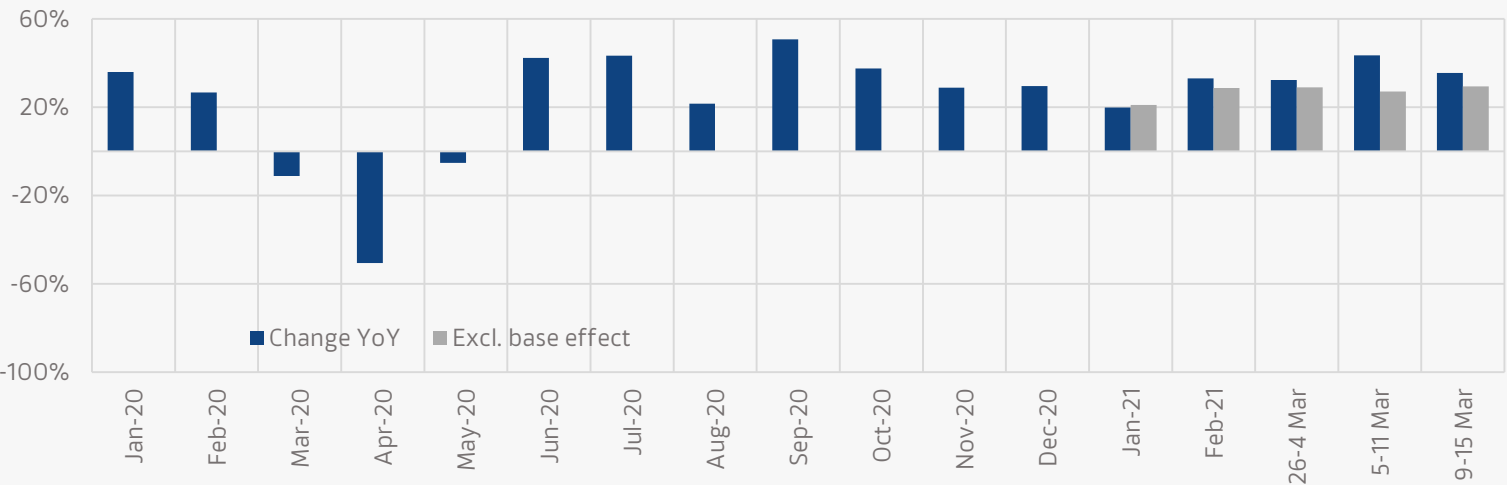


Fuel & Transport: Non-cash spending

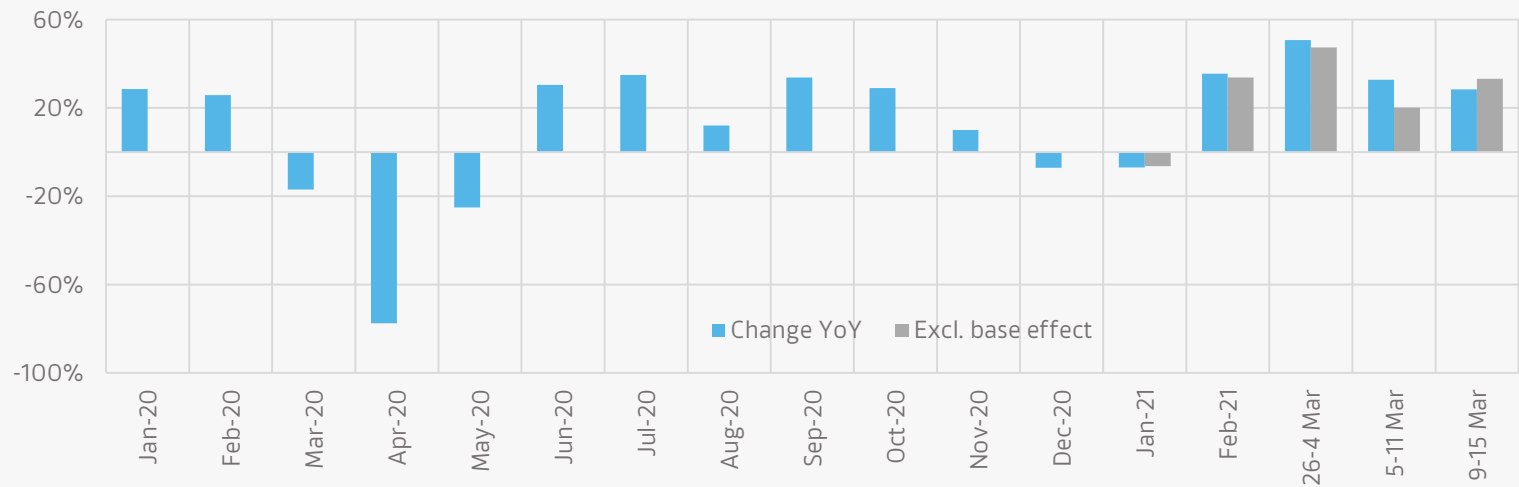


- Non-cash spending on personal care grew by 17% in the 9-15 March period. Spending on other consumer goods increased by 25% in the same period
- Growth of spending on car repair services totaled 7% in the 9-15 March period, down compared to the previous week

Doctor visits: Non-cash spending

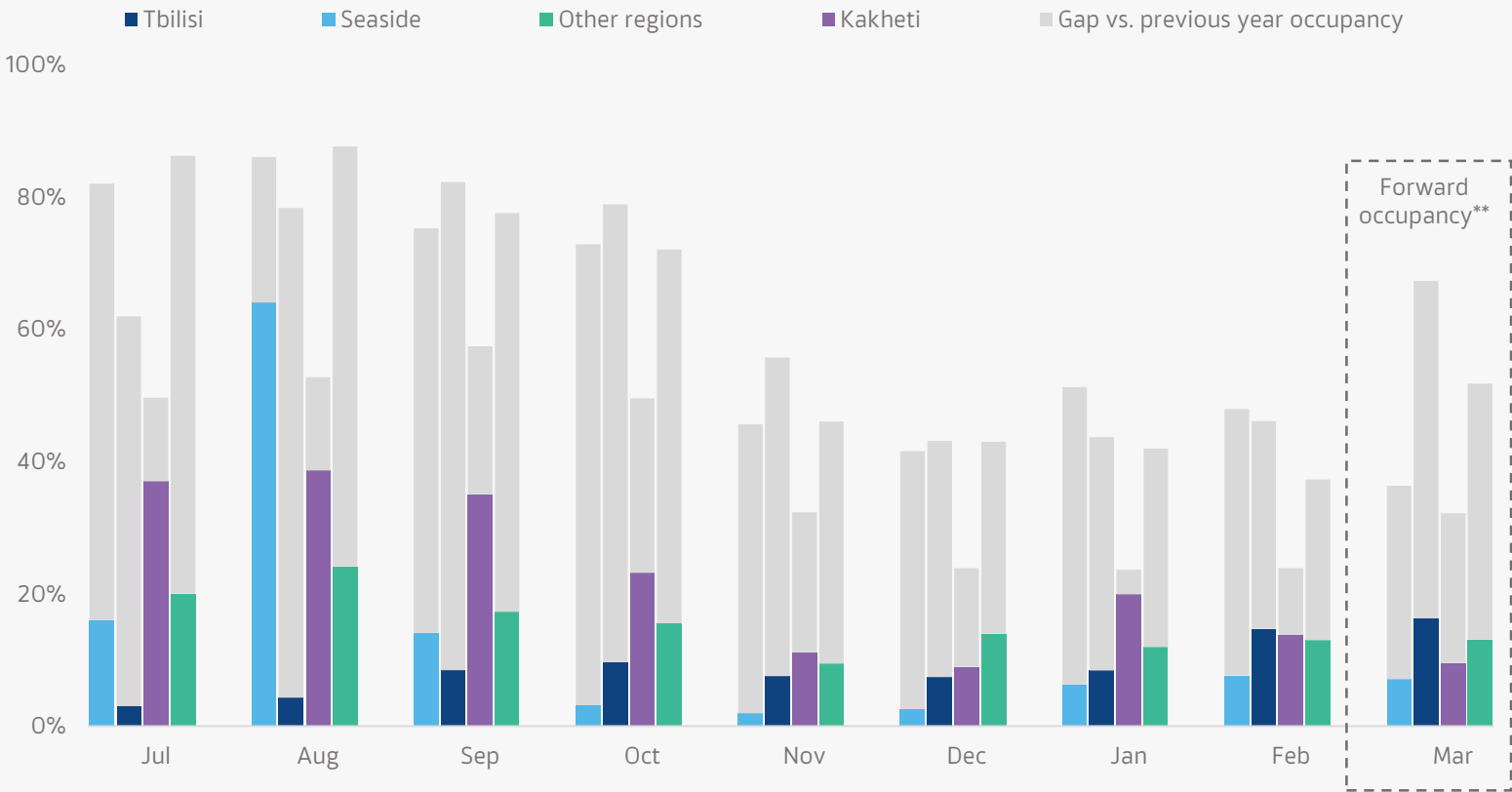


Medical equipment: Non-cash spending



- Growth of non-cash spending on doctor visits stood at 44% in the 9-15 March period, slightly down compared to the previous week
- Non-cash spending on medical equipment increased by 33% in the same period

Occupancy rates (%) – actual and by current bookings*



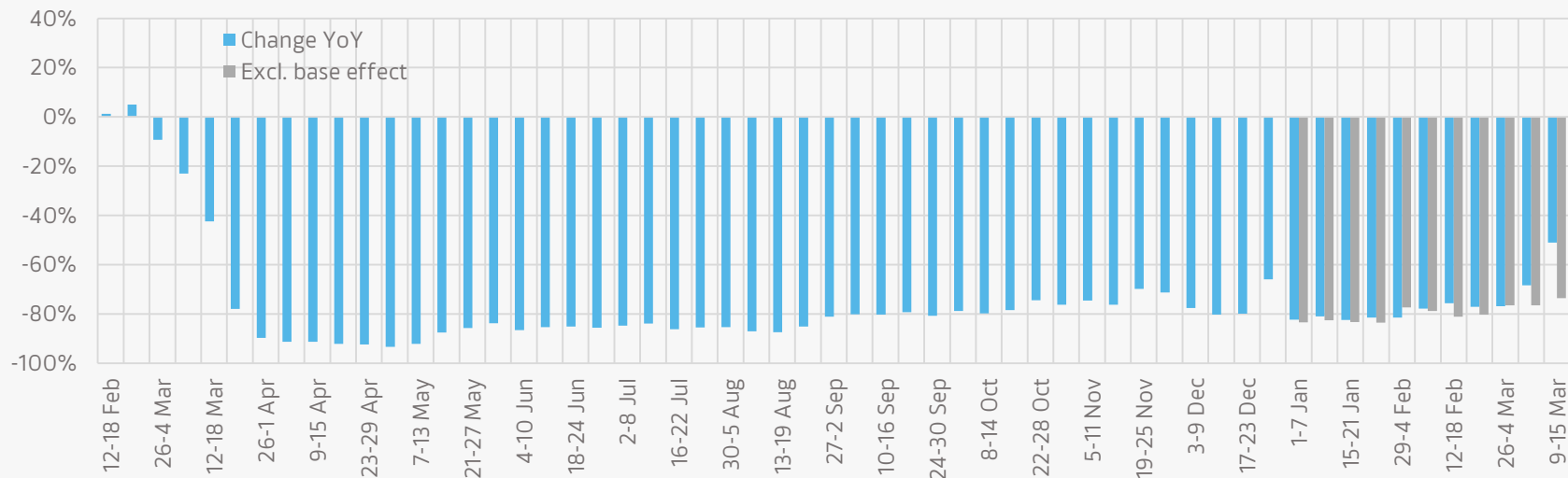
- **Forward occupancy rates for March** amounted to 13% for Seaside, 16% for Tbilisi, 15% for Kakheti and 13% for other regions
- **Weekend occupancy:** compared to the previous weekend, occupancies in most regions show a marginal increase

*Historical data may be revised, due to the sample modification;
**Since domestic tourists do not tend to book hotels in advance, actual occupancies tend to be higher than forward occupancies

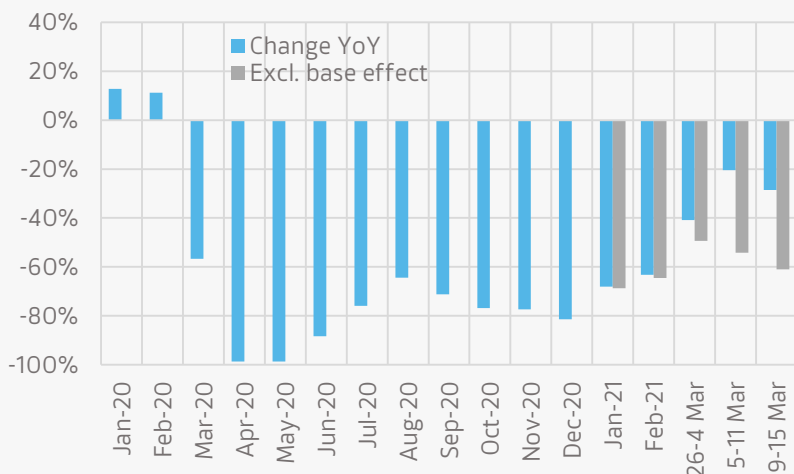
SPENDING IN RESTAURANTS GRADUALLY STRENGTHENING; IMPROVEMENT ALSO VISIBLE FOR HOTELS COMPARED TO FEBRUARY; NON-CASH EXPENSES BY NON-RESIDENTS ALSO IMPROVING, BUT AT A LOWER PACE

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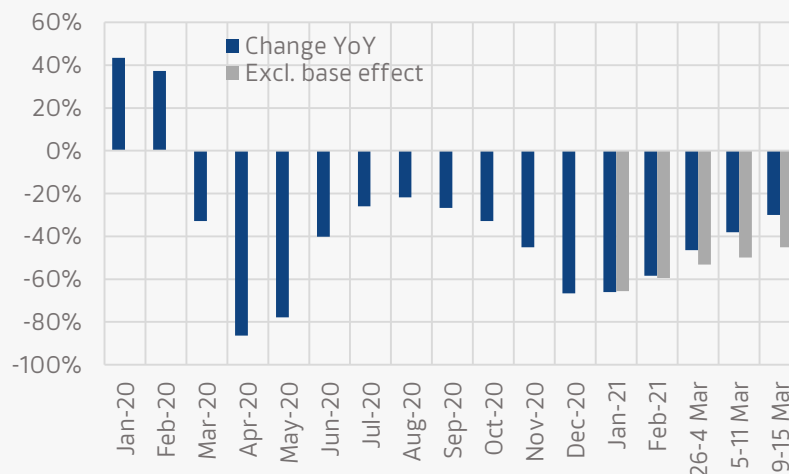
Non-cash expenses of non-residents



Hotels: Non-cash spending

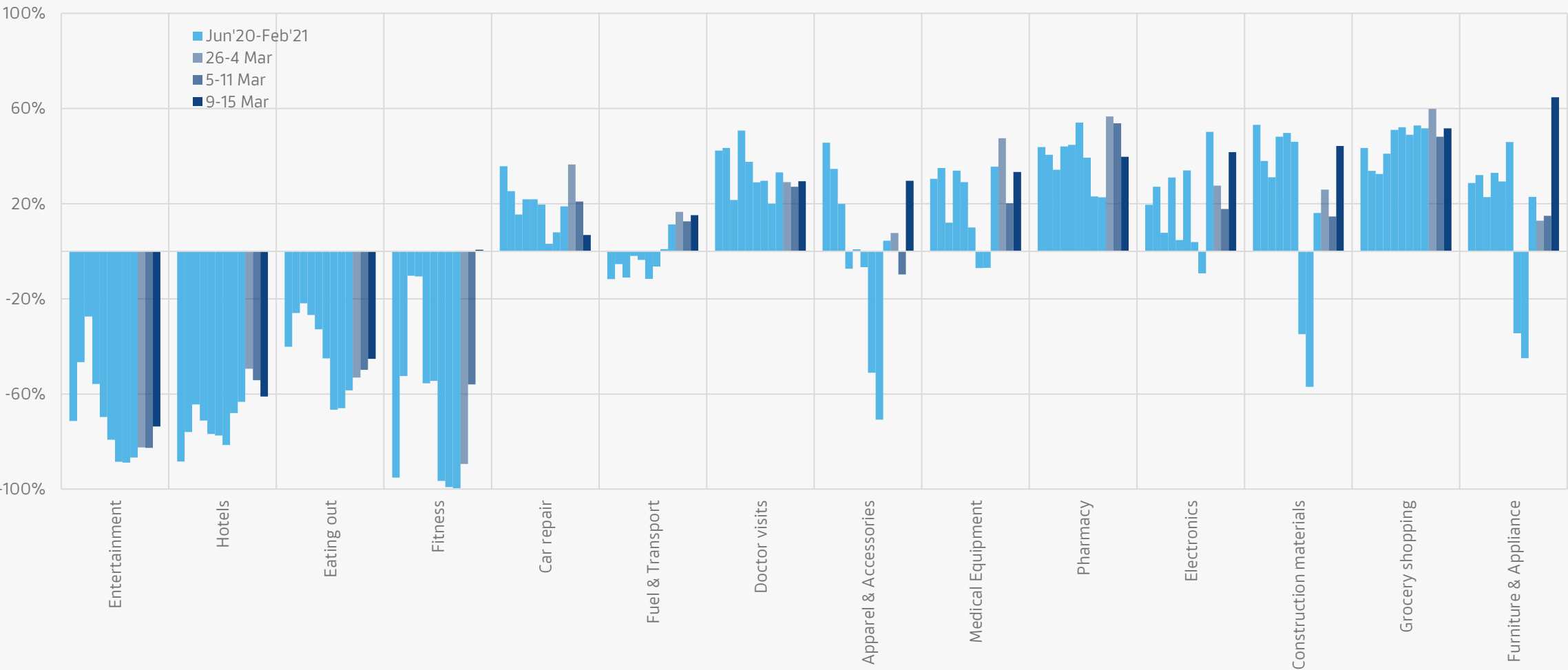


Restaurants & Cafes: Non-cash spending

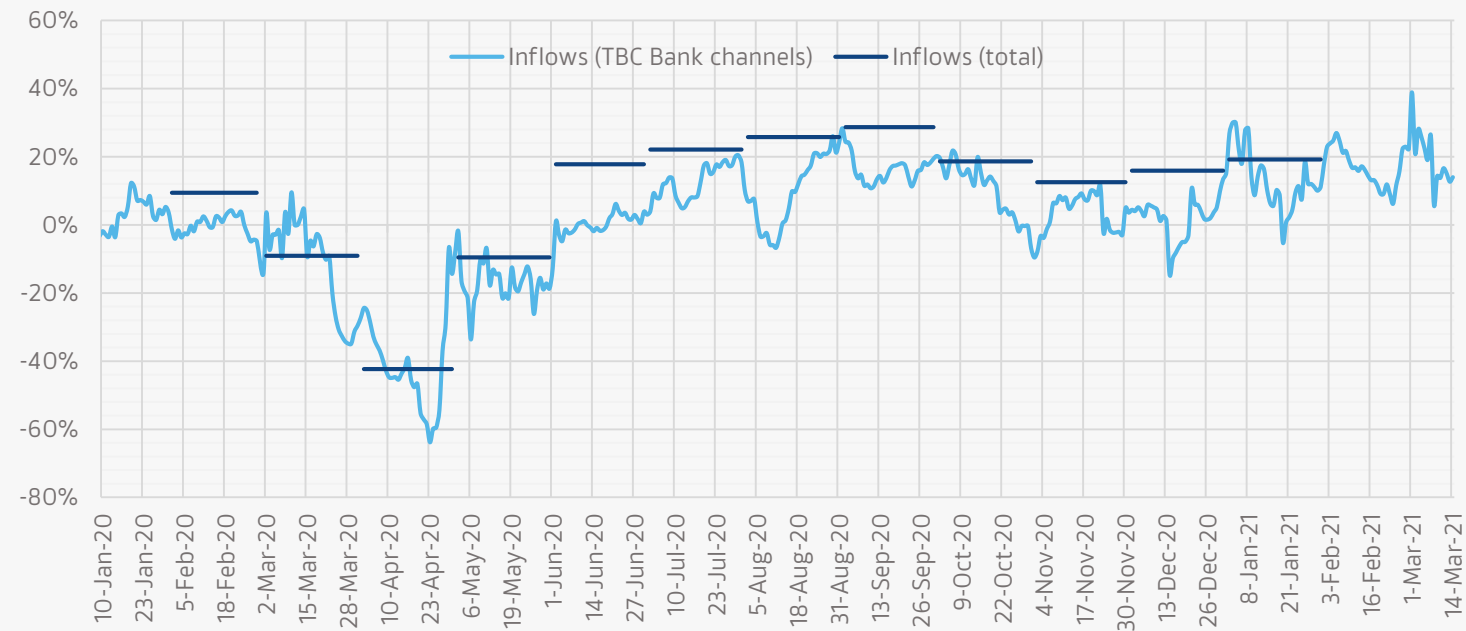


- Non-cash spending by non-residents was down by -74% in the 9-15 March period
- The growth rate of non-cash spending amounted to -45% for restaurants & cafes and -61% for hotels in the 9-15 March period

Dynamics of non-cash spending as of March the 15th (YoY change; Rate of change adjusted for base effect starting from March)



Dynamics of remittances – USD volumes (7 day MA, YoY %)

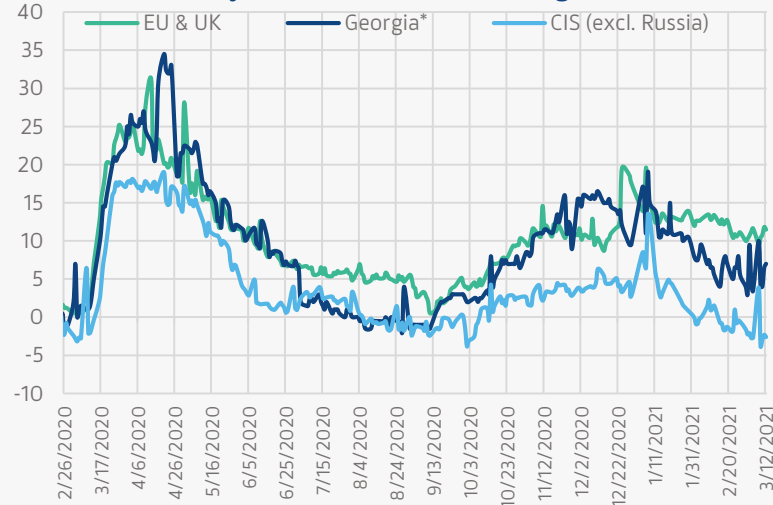


Dynamics of remittances by countries/regions (YoY %)

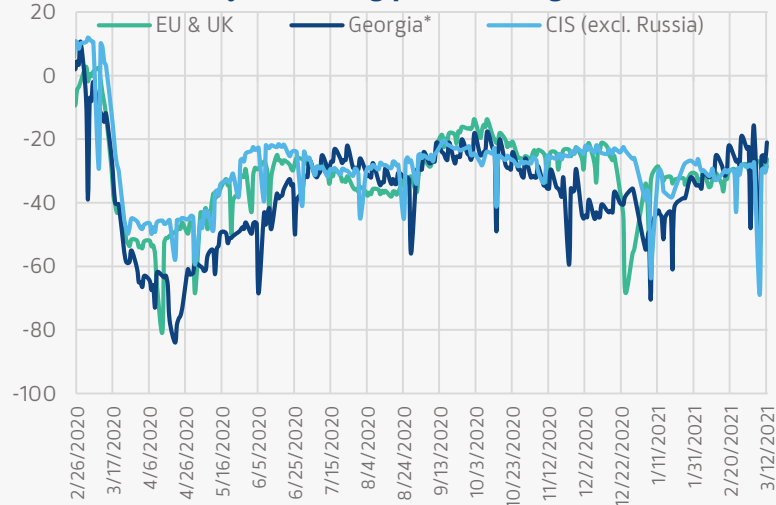
Country/Region	1-7 Mar	8-14 Mar
EU & UK	16%	15%
Middle East	17%	-24%
North America	28%	11%
Russia	-11%	-12%
Ukraine	43%	36%
Armenia	-21%	-37%
Azerbaijan	147%	191%
TOTAL	26%	15%

- The growth rate of total inflows through TBC channels grew by 15.3% YoY in the 8-14 March period, demonstrating a slightly weaker growth compared to the previous week
- The highest rate of growth was observed in inflows from Azerbaijan and Ukraine, while inflows from Armenia continued to fall sharply
- Growth of inflows from EU & UK stay largely the same, inflows from North America demonstrate a substantial decrease compared to previous weeks
- Inflows from the middle east posted a -24% YoY decrease this week

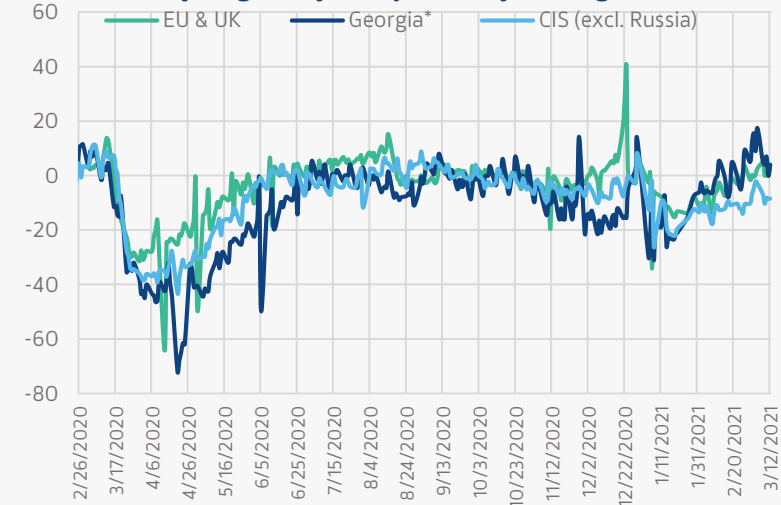
Mobility in residential area (Change %)



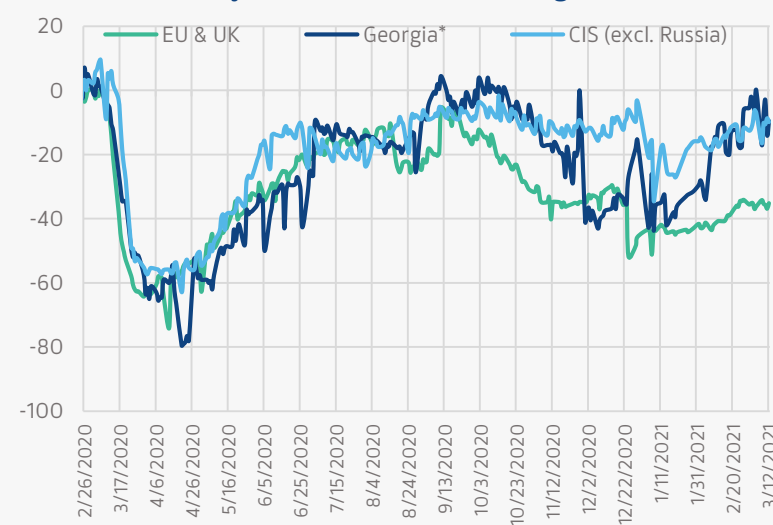
Mobility in working places (Change %)



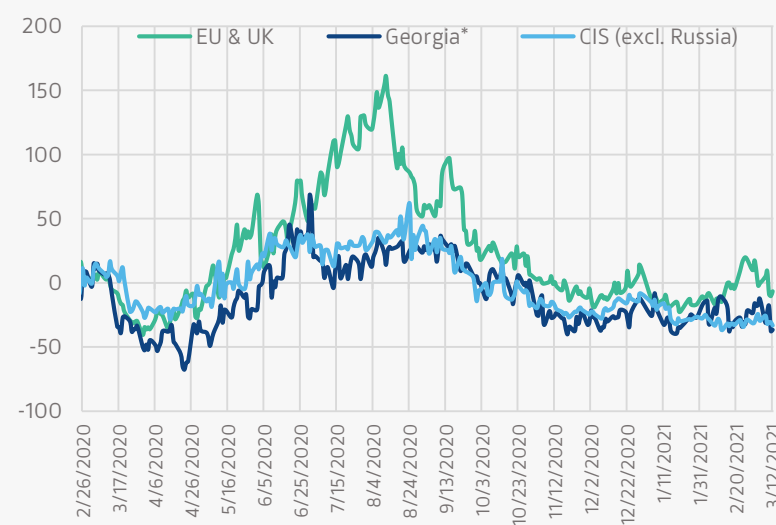
Mobility in grocery and pharmacy (Change %)



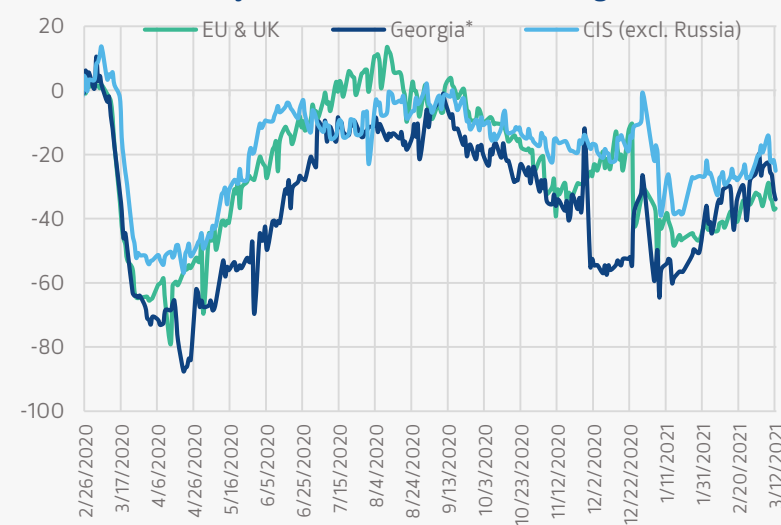
Mobility in transit stations (Change %)



Mobility in parks and recreational area (Change %)



Mobility in retail & recreation (Change %)



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