

# Agricultural Report on Georgia #24

## Weekly Highlights by Galt&Taggart

**Real GDP growth was 5.1% y/y in Sep-23**  
 Georgia's economy grew by 5.1% y/y in Sep-23, in line with our expectation. Cumulatively, real growth came in at 6.8% y/y in 9M23. The growth in September was primarily driven by the financial, construction, trade and hotels & restaurants sectors. In contrast, the manufacturing, transportation & storage and real estate sectors contracted during the same period.

**Annual inflation at 0.8% in Oct-23**  
 Annual CPI inflation saw a slight rise to 0.8%, from the previous month's 0.7%. A notable development in October was the drop in food and non-alcoholic beverages prices, marking the first decline since Nov-16. This reduction in food prices almost balanced out the upward pressure caused by the increase in oil prices. On aggregate level, in October, both imported and mixed goods inflation stayed in negative territory, and domestic inflation continued its anticipated decrease (+4.5% y/y in Oct-23 vs +5.3% y/y in Sep-23). Notably, core inflation (non-food, non-energy, non-tobacco) reduced to 2.1% y/y vs 2.5% y/y in Sep-23. By categories, annual inflation was mostly driven by price changes in food and non-alcoholic beverages (-1.2% y/y, -0.42ppts), healthcare (-3.2% y/y, -0.33ppts), alcoholic beverages & tobacco (+6.6% y/y, +0.45ppts), utilities (+4.2% y/y, beverages & tobacco (+6.6% y/y, +0.45ppts), utilities (+4.2% y/y, +0.43ppts) and transport (+1.2% w/w, +0.22ppts) categories. On a monthly basis, there was a 0.6% inflation in Oct-23, driven by price increase in transport (+3.6% m/m, +0.45ppts) category.

### The price of wheat on the exchange is falling - reasons

The price of wheat on the international exchange is falling - in the one-week period, the cost of a bushel of wheat decreased by an additional 3% and amounted to 5 dollars and 75 cents, which is a decrease of almost 31% compared to the same period last year.

The reason for the decline is the record harvest worldwide. For example, this year in the United States of America, a larger than expected wheat harvest is expected, which is confirmed by the data released by the Federal Service.

In relation to wheat, a record harvest was also recorded in the regions of Europe and Asia, which helps to lower the price of grain on the international market. Russia is particularly noteworthy, having harvested almost 50% more than the predicted figure.

Naturally, excess supply helps to reduce prices in the market, that is why we are dealing with a 31% devaluation of wheat in one year.

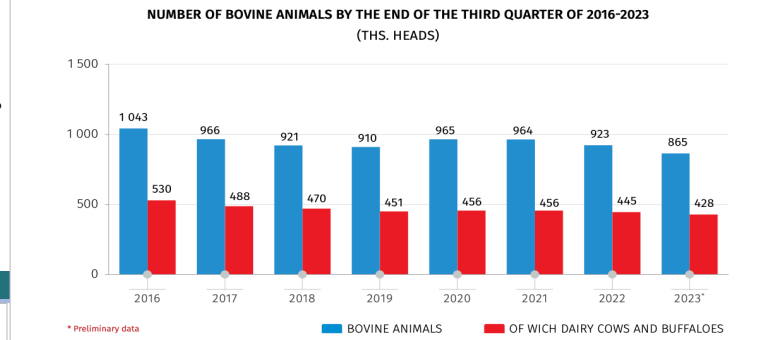
At the end of July, the price of a bushel reached 7.60 dollars, which was related to the decision of the Russian Federation and the suspension of the grain export agreement, however, since then the mood of traders towards wheat has changed radically.

Source: www.bm.ge

## Agriculture of Georgia - III Quarter, 2023

According to the preliminary data, at the end of the III quarter of 2023 the number of bovine animals decreased by 6.3 percent compared to the III quarter of 2022 and reached 864.5 thousand heads. Of which, the total number of dairy cows and buffaloes equaled 428.2 thousand heads, which is 3.8 percent less than the same indicator of the previous year.

The number of pigs equaled to 168.0 thousand heads which is 20.7 percent less than at the same period of the previous year. The number of poultry increased by 13.0 percent compared to the same period of the previous year and equaled 11.1 million heads.



According to the preliminary data, in the III quarter of 2023 milk production increased by 4.8 percent compared to the same period of the previous year and amounted to 170.9 million litres.

Meat production increased by 22.1 percent from the same period of the previous year and equaled 18.2 thousand tons.

In the III quarter of 2023 egg production amounted to 148.6 million pieces which is 7.4

## Governmental, Non-governmental grants and subsidies of Agriculture

**Plant the Future**

The main goal of the project "Plant the Future" is to use the uncultivated lands in the country effectively, increase the possibility of replacing imported products, create new / additional jobs in rural areas and improve the socio-economic conditions of the population.

If you own uncultivated land plot and want to start agricultural activity, the state will support you in fulfilling this plan. You can enjoy the co-financing of the nursery farmings and provide fresh, quality raw materials to the farmers and the rural population, cultivate the berry crops demandable and popular in native and foreign markets, install anti-hail systems for already planted gardens and much more.

The project "Plant the Future" is initiated by the Ministry of Environmental Protection and Agriculture and is implemented by the Rural Development Agency with the co-financing of the state budget.

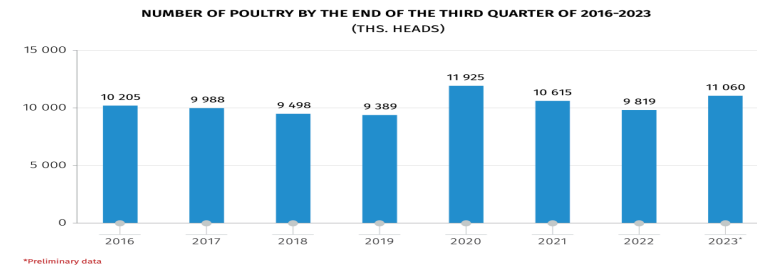
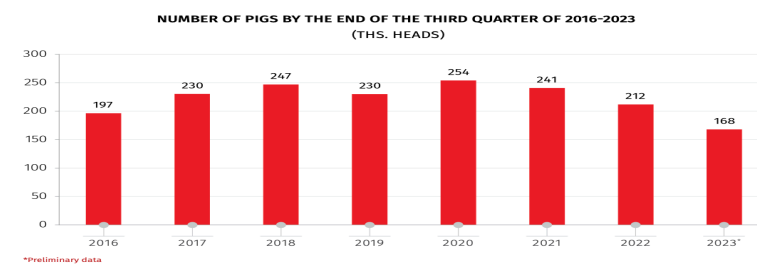
Co-financing will be carried out in four separate components of the program:

- The component of co-financing perennial gardens;
- Co-financing component of the nursery gardens;
- Co-financing component for the installation of anti-hail systems and/or arrangement of a well/borehole pumping station;
- Co-financing component of damaged seedlings as a result of natural disasters.

Applications will be accepted from October 30, 2023 at 12:00 p.m. to February 28, 2024  
 Dates for planting garden are:  
 in Western Georgia - from November 1, 2023 to April 30, 2024  
 in Eastern Georgia - from November 10, 2023 to April 30, 2024

For more information: <http://rda.gov.ge/en/programs/572746-plant-the-future/ca9c173d-887a-4ce8-a891->

## Agriculture of Georgia - III Quarter, 2023



	2022				2023*		
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q
<b>Bovine Animals</b>	0.3	1.1	0.2	0.5	0.9	3.5	9.9
<b>Pigs</b>	18.8	23.3	26.3	34.3	28.3	36.0	44.9
<b>Poultry</b>	1 733.8	1 219.8	2 111.2	2 069.9	2 431.5	2 455.3	2 151.5

\* Preliminary data

	2022				2023*		
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q
<b>Bovine Animals</b>	18.4	25.6	48.7	38.9	19.6	44.8	61.8
<b>Pigs</b>	0.4	0.3	1.8	1.0	0.1	0.1	-
<b>Poultry</b>	1 930.7	3 358.9	3 443.3	4 873.3	3 472.7	3 937.7	3 226.9

\* Preliminary data

## Agricultural commodities

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
<b>C 1:COM Corn (CBOT)</b>	USD/bu.	492.00	-1.25	-0.25%	Mar 2024	5:01 AM
<b>W 1:COM Wheat (CBOT)</b>	USD/bu.	582.75	+1.75	+0.30%	Mar 2024	5:00 AM
<b>O 1:COM Oats (CBOT)</b>	USD/bu.	369.50	+0.50	+0.14%	Mar 2024	2:24 AM
<b>RR1:COM Rough Rice (CBOT)</b>	USD/cwt	17.36	+0.11	+0.64%	Jan 2024	11/16/2023
<b>S 1:COM Soybean (CBOT)</b>	USD/bu.	1,354.50	-5.75	-0.42%	Jan 2024	5:02 AM
<b>SM1:COM Soybean Meal (CBOT)</b>	USD/T	446.70	-2.50	-0.56%	Jan 2024	5:02 AM
<b>BO1:COM Soybean Oil (CBOT)</b>	USD/lb.	51.05	+0.21	+0.41%	Jan 2024	5:02 AM
<b>RS1:COM Canola (ICE)</b>	CAD/MT	704.00	-2.80	-0.40%	Jan 2024	4:47 AM
<b>Softs</b>						
<b>INDEX</b>						
<b>CC1:COM Cocoa (ICE)</b>	USD/MT	4,057.00	+14.00	+0.35%	Mar 2024	5:02 AM
<b>KC1:COM Coffee 'C' (ICE)</b>	USD/lb.	169.80	-1.40	-0.82%	Mar 2024	5:02 AM
<b>SB1:COM Sugar #11 (ICE)</b>	USD/lb.	27.25	+0.06	+0.22%	Mar 2024	5:03 AM
<b>J01:COM Orange Juice (ICE)</b>	USD/lb.	408.00	+10.00	+2.51%	Jan 2024	11/16/2023
<b>CT1:COM Cotton #2 (ICE)</b>	USD/lb.	80.91	+0.03	+0.04%	Mar 2024	5:01 AM
<b>OL1:COM Wool (ASX)</b>	--	--	--	--	N/A	--
<b>LB1:COM Lumber (CME)</b>	USD/1000 board feet	--	--	--	N/A	--
<b>OR1:COM Rubber (Singapore)</b>	USD/kg	150.30	-2.00	-1.31%	Feb 2024	4:59 AM
<b>DL1:COM Ethanol (CBOT)</b>	USD/gal.	2.16	0.00	0.00%	Dec 2023	11/16/2023
<b>Livestock</b>						
<b>INDEX</b>						
<b>LC1:COM Live Cattle (CME)</b>	USD/lb.	175.33	-3.45	-1.93%	Feb 2024	11/16/2023
<b>FC1:COM Feeder Cattle (CME)</b>	USD/lb.	227.50	-3.40	-1.47%	Jan 2024	11/16/2023
<b>LH1:COM Lean Hogs (CME)</b>	USD/lb.	75.63	+0.73	+0.97%	Feb 2024	11/16/2023

"Entrepreneurs will have the opportunity to get acquainted with the opportunities and modern technological solutions in the agro field at the exhibition, as well as meet new business partners and establish strategic partnerships. For the Bank of Georgia, agriculture and strengthening of local entrepreneurs is one of the priority directions, and in this regard, we have created a number of products and services, which I will talk about during the event and introduce to entrepreneurs what kind of support we offer.

We do not stop there and continue to support the initiatives aimed at strengthening the agricultural sector", said Aleksandre Melkadze, Head of Agricultural Projects Development of the Bank of Georgia.

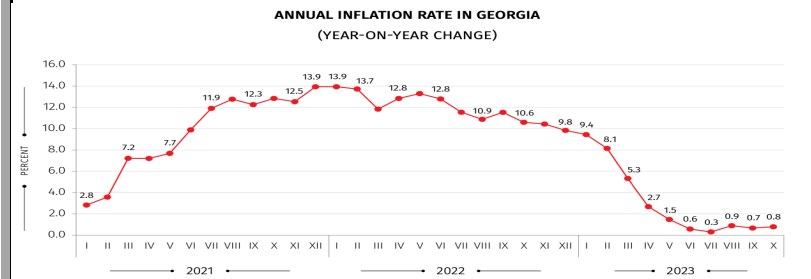
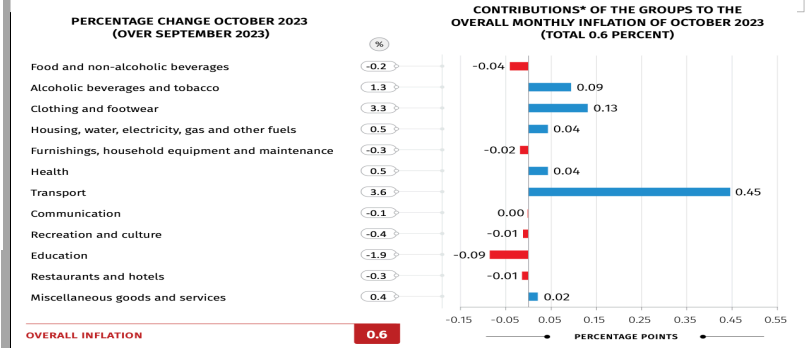
Source: www.bm.ge

## Inflation Rate in Georgia, October 2023

In October 2023 the Consumer Price Index increased by 0.6 percent compared to the previous month, while the annual inflation rate amounted to 0.8 percent.

With regard to the annual core inflation<sup>1</sup>, the prices increased by 2.4 percent, while the annual core inflation without tobacco<sup>2</sup> amounted to 2.1 percent.

The following table shows percentage changes in prices for the commodity groups of the consumer basket as well as the relevant contributions to the overall monthly inflation rate.



## International Agro, Food, Drink, Tech, Expo 2022- with the support of the BOG

The Bank of Georgia continues to actively support the agricultural sector. This time, with the support of the bank, the 21st international agricultural exhibition Agro, Food, Drink, Tech Expo 2023 will be held in "ExpoGeorgia" on November 17-19.

The purpose of the expo is to develop the agricultural industry in Georgia, to encourage local entrepreneurs and to establish technological innovations in the Georgian market. This year, up to 70 companies from 6 countries will participate in the exhibition.

At the event, the participants will have the opportunity to get acquainted with the technological innovations on the market in one space, to present their products or services to consumers and investors and, accordingly, to increase the awareness of their products. Also, they met potential partners. Within the framework of the exhibition, with the involvement of donor organizations, the state and private sector, various thematic conferences, workshops and B2B meetings will be held.

Among the invited speakers is Aleksandre Melkadze, head of agro projects development of the Bank of Georgia, who will talk about the possibilities of access to finance for the agriculture and food industry.

For information, in parallel with the exhibition, on November 17-18, an agricultural market will be held in ExpoGeorgia, where visitors will have the opportunity to purchase authentic Georgian products.



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