

Weekly highlights

Real GDP growth accelerated to 9.3% y/y in Nov-22

The economic growth in Georgia accelerated to 9.3% y/y in Nov-22, after a 8.3% y/y growth in previous month, based on Geostat's rapid estimates. Cumulatively, real growth stood at 10.0% y/y in 11M22. In November, the growth was recorded in construction, transport, financial intermediation, mining, trade and hospitality sectors, while manufacturing and real estate operations contracted. We forecast Georgia's economy to grow by 10.2% in 2022 and 4.8% in 2023.

CA turned into surplus in 3Q22

Current account (CA) turned into surplus at 5.9% of GDP in 3Q22, according to NBG, this is for the 2nd time on record after a 0.3% of GDP surplus in 3Q18. The positive CA balance was mainly driven by a strong growth in service balance (+3.0x y/y, 17.4% of GDP, supported by a strong recovery in tourism revenues at 122.3% of 3Q19 level), followed by transfers (+54.3% y/y, 13.1% of GDP). Meanwhile, the merchandise trade deficit, traditionally the major contributor to deficit creation, increased by 15.7% y/y to US\$ 1.2bn, as exports were up 50.8% y/y and imports increased by 36.3% y/y. Notably, net FDI increased by 2.4x y/y to US\$ 687.2 (10.1% of GDP), while there was a negative balance in portfolio investment at US\$ 1.0bn in 3Q22. Overall in 9M22, CA deficit was at a record low level of 2.7% of GDP, down from 10.2% in 9M21.

Exchange rate

As a result of January 11st, the value of one dollar became 2.6867 GEL and the value of one euro became 2.8871 GEL.

USA, Hong Kong, Switzerland, France - "Rtvelis" expands export markets

In 2022, the wine-producing company "Rtvelis" sold 35 varieties of wines in 18 export markets. From here, the company exported wines to USA, Switzerland, Lithuania, Latvia, Italy, Turkmenistan and Uzbekistan for the first time this year. As a result, the company's sales increased by 40% in 2022.

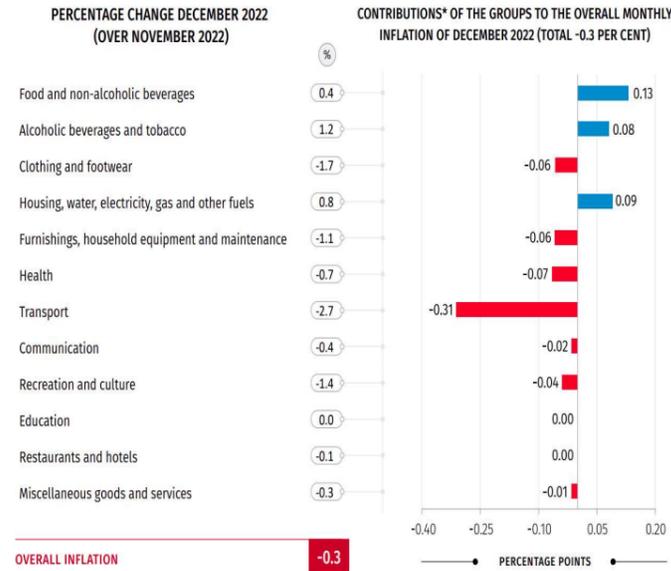
Company founder Tornike Chikadze spoke to bm.ge about the plan and importance of diversification of export markets. According to him, 7% of the sales of "Rtvelis" are in the local market, and the rest - 93% are exported. When asked why the local market has such a small share in sales, Chikadze says that it is due to the small market and the high competition on it.

The company believes that when selling wine outside the borders of the country, development emphasis should be placed equally on small and large markets, because the prerequisite for stable development of production is stable sales.

According to Tornike Chikadze, "Rtvelis" will continue to work on expanding the wine export area in 2023 and the company will present Georgian wine in different countries. In order to achieve the set goals this year, the company will increase its wine production to 4 million bottles, for which it will invest 1 million dollars.

for more: <https://bm.ge/ka/article/ashsh-honkongi-shveicaria-safrangeti--rtvelisi-saeqporto-bazrebs-afartoebis-124189/>

Inflation Rate in Georgia, October 2022



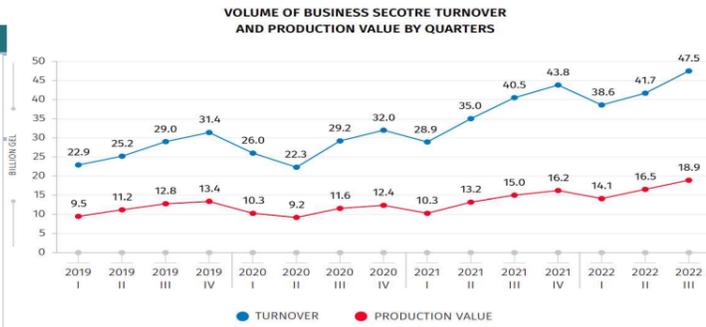
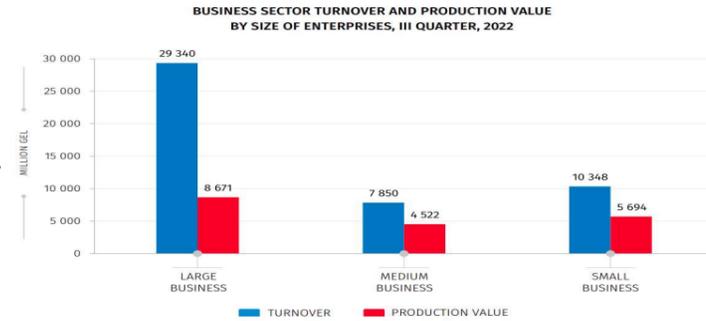
* Individual contributions not sum up to the total due to rounding.

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Activities of Enterprises III Quarter, 2022

In the III quarter of 2022 compared to the same quarter of previous year the volume of business sector turnover increased by 17.4 percent and amounted to 47.5 billion GEL. The production value of the business sector is characterized by the increasing tendency. In the III quarter of 2022, its volume equaled to 18.9 billion GEL, which is year-on-year 25.8 percent more:



Governmental, Non-governmental grants and subsidies of Agriculture

Integrated Development Program for the Pilot Regions

About the program

Program applications will be accepted via e-mail: pilotregions@rda.gov.ge

About the program

The Rural Development Agency is implementing a funding program to support the establishment of new enterprises as well as the expansion and / or re-equipment of existing enterprises. The program is being implemented in 4 pilot regions: Imereti, Kakheti, Guria, Racha-Lechkhumi and Kvemo Svaneti.

For Programme conditions: shorturl.at/pCORV

The program envisages the establishment of new businesses as well as the modernization and / or expansion of existing businesses, which include:

1. Financing of fixed assets, including: machinery, equipment for production and specialized types of vehicles, construction and repair works;
2. Working capital financing - financing the purchase of raw materials only by maximum of 20% of the total cost of the project (loan amount).

For more detailed information : <https://rda.gov.ge/en/programs/684083-sapilote-regionebis-integrirbuli-ganvitarebis-programa/f8ad20d2-86ba-4d85-bc17-51ecd8ed81f>

In December 2022 the Consumer Price Index decreased by 0.3 percent compared to the previous month, while the annual inflation rate amounted to 9.8 percent. With regard to the annual core inflation¹, the prices increased by 6.9 percent, while the annual core inflation without tobacco² amounted to 6.8 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.

Food and non-alcoholic beverages: the prices for the group increased by 0.4 percent, contributing 0.13 percentage points to the overall monthly inflation rate. The prices increased for the following subgroups: vegetables (3.0 percent), fish (2.1 percent), milk, cheese and eggs (1.2 percent). At the same time, prices decreased for the subgroup of oils and fats (-2.0 percent) and fruit and grapes (-1.1 percent);

Agricultural commodities

Grains

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
C11COM Corn (CBOT)	USD/bu	656.50	+1.60	+0.25%	Mar 2023	11:14 AM
W11COM Wheat (CBOT)	USD/bu	737.75	-8.75	-0.92%	Mar 2023	11:14 AM
O11COM Oats (CBOT)	USD/bu	341.25	-0.25	-0.07%	Mar 2023	11:12 AM
R11COM Rough Rice (CBOT)	USD/cwt	17.70	-0.21	-1.22%	Mar 2023	11:11 AM
S11COM Soybean (CBOT)	USD/bu	1,491.50	-8.50	-0.44%	Mar 2023	11:14 AM
S11COM Soybean Meal (CBOT)	USD/T	473.80	-4.70	-1.00%	Mar 2023	11:14 AM
B11COM Soybean Oil (CBOT)	USD/b	82.42	-0.15	-0.24%	Mar 2023	11:14 AM
R11COM Canola (ICE)	CAD/MT	845.50	-3.90	-0.48%	Mar 2023	11:14 AM

Softs

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
C11COM Cocoa (ICE)	USD/MT	2,815.00	+11.00	+0.42%	Mar 2023	11:11 AM
K11COM Coffee 'C' (ICE)	USD/lb	143.30	-7.80	-5.04%	Mar 2023	11:11 AM
S11COM Sugar #11 (ICE)	USD/lb	19.71	+0.07	+0.36%	Mar 2023	11:11 AM
J11COM Orange Juice (ICE)	USD/lb	207.25	-0.10	-0.05%	Mar 2023	11:09 AM
C11COM Cotton #2 (ICE)	USD/lb	84.07	-0.89	-0.81%	Mar 2023	11:11 AM
Q11COM Wool (ASX)	-	-	-	-	N/A	-
L11COM Lumber (CME)	USD/1000 board feet	411.90	-16.50	-4.18%	Mar 2023	11:09 AM
R11COM Rubber (Singapore)	USD/lp	137.50	+1.60	+1.18%	Mar 2023	4:59 AM
D11COM Ethanol (CBOT)	USD/gal	2.18	0.00	0.00%	Feb 2023	1/10/2023

Livestock

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
L11COM Live Cattle (CME)	USD/lb	157.32	-0.42	-0.27%	Feb 2023	11:14 AM
F11COM Feeder Cattle (CME)	USD/lb	185.45	-1.05	-0.56%	Mar 2023	11:14 AM
L11COM Lean Hogs (CME)	USD/lb	79.33	-0.47	-0.60%	Feb 2023	11:14 AM

Economic Data on Georgia

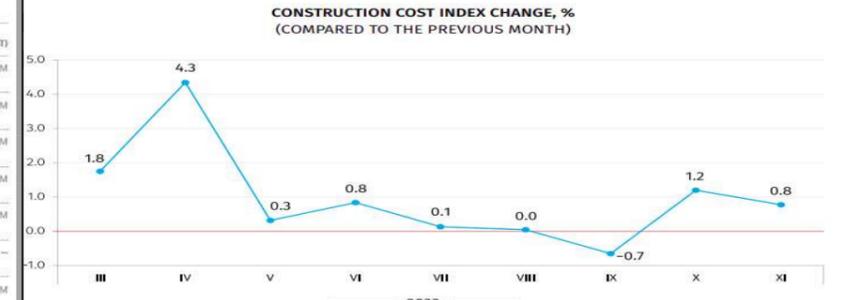
	GDP							
	III 20*	IV 20*	2020*	I 21*	II 21*	III 21*	IV 21*	2021*
GDP at Current Prices, Bn €	13.4	14	49.3	11.5	15.5	16	17.2	60.2
GDP at Constant 2015 prices, Bn €	9.7	10.1	37.6	8.8	11.2	10.5	11	41.5
GDP Real Growth, Percentage	-8.8	-7.4	-6.8	-4.1	28.9	9.1	8.8	10.4
GDP Deflator Change, Percentage	7.9	8.6	7.5	7.9	11.6	9.4	13.4	10.8
GDP Per Capita (At Current Prices), €	3 600.1	3 753.0	13 234.1	3 081.3	4 161.4	4 290.4	4 621	16 154.1
GDP Per Capita (At Current Prices), \$	1 160.6	1 147.3	4 255.7	929.7	1 250.7	1 375	1 478.6	5 015.3
GDP at Current Prices, Bn US Dollars	7.5	3.8	3.4	3.5	4.7	5.1	5.5	18.7
Share of Agriculture in GDP, Percentage	8.3							
Population & Unemployment								
	I 20	II 20	III 20	IV 20	I 21	II 21	III 21	IV 21
Economically Active Population (Workforce), Thousand People	1545.2	1515	1526.9	1505.7	1447.2	1559.1	1592	1536.1
Employed, Thousand People	1262.7	1237.6	1269.11	1197.9	1129.7	1214.6	1281.2	1244.3
Unemployed, Thousand People	282.6	277.4	259.8	307.8	317.5	344.6	310.8	291.9
Unemployment Rate, Percentage	18.3	18.3	17	20.4	21.9	22.1	19.5	19
Consumer Price Index (Inflation)								
	2015	2016	2017	2018	2019	2020	2021	
Annual Average to the Annual Average	104	102.1	106	102.6	104.9	105.2	109.6	
December over Previous Year's December	104.9	101.8	106.7	101.5	107	102.4	113.9	

Construction Cost Index in Georgia - November 2022

In November 2022 the Construction Cost Index (CCI) increased by 0.8 percent compared to the previous month. The change was mainly due to a 3.4 percent increase in average monthly nominal wages of employees in the construction sector, which contributed 0.44 percentage points to the total index change. Compared to February 2022 the CCI increased by 9.0 percent.

The latter was largely caused by the 16.5 percent increase in average monthly nominal wages of employees in the construction sector, which contributed 3.21 percentage points to the total index change. The following table presents the CCI in November 2022, compared to the previous month and February 2022, as well as the contributions of cost categories to the total index.

COST CATEGORIES	OVER OCTOBER 2022	CONTRIBUTIONS* TO MONTHLY CHANGES	OVER FEBRUARY 2022	CONTRIBUTIONS* TO INDEX CHANGE COMPARED TO FEBRUARY 2022
TOTAL CCI	100.8	0.78	109.0	9.01
Construction materials	100.8	0.41	105.5	3.14
Wages	103.4	0.44	116.5	3.21
Machinery	100.4	0.03	118.3	0.95
Transportation, fuel and electricity	99.0	-0.13	112.1	1.24
Other costs	100.5	0.03	108.0	0.48



"We produce thousands of tons of fish powder and fish oil" - "Geo Fish"

"Geo Fish Company" LLC is one of the licensees that carry out fishing in the Black Sea. Its productivity is up to 400 tons per day. The company's co-founder Kakha Lataria told BMG that the fish is caught within the quota in the Black Sea, which the company uses every year. Quotas are allocated by the Ministry of Environment Protection.

"If the licensee owner has mastered the quota, the season is considered successful. The main purpose of our activity is the production of fishpowder and fish oil from codfish, which is obtained from the Black Sea.

Our production volume is based on the quantity obtained within the quota every year. On average, we produce 2,000-3,000 tons of fish powder and up to 2,000 tons of fish oil," said Kakha Lataria in an interview with BMG.



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