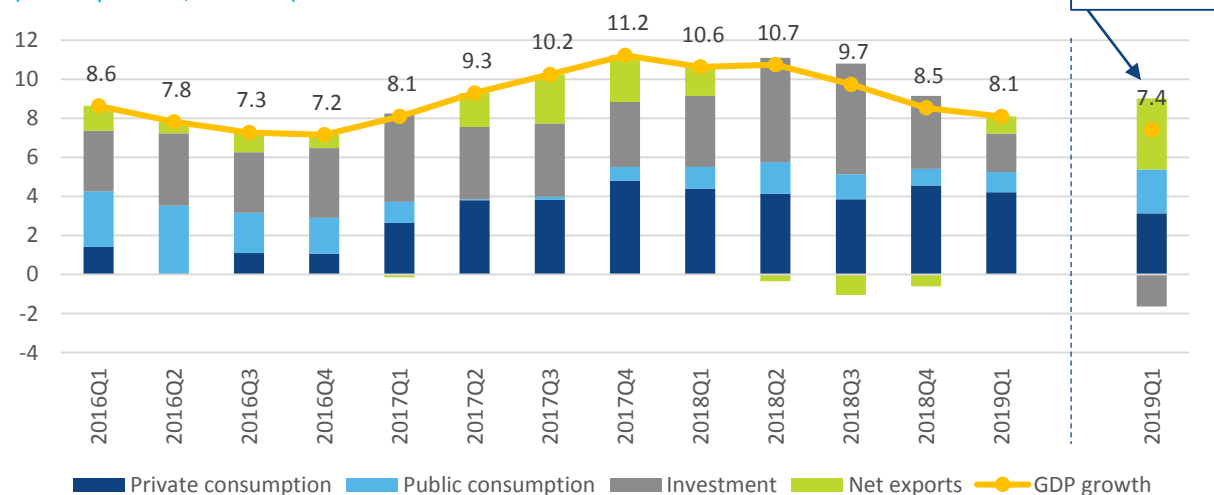


GDP growth by the expenditure components

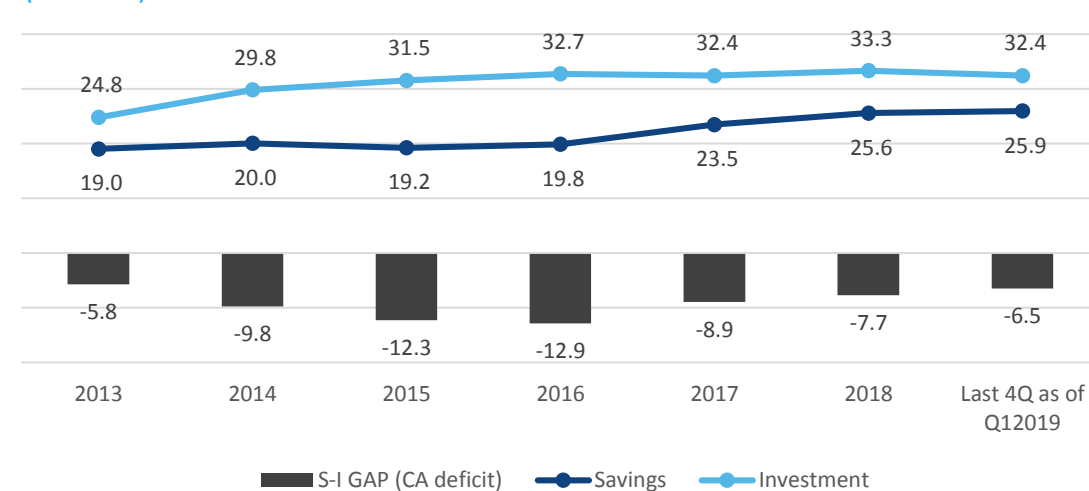
- ❑ Net exports and consumption were major drivers of nominal GDP growth in Q1 2019, while the investment activity declined.
- ❑ Despite its positive contribution, private consumption growth in nominal terms (+4.6%) weakened compared to 2018 (+7.3%), likely reflecting tighter regulations on non-mortgage lending. At the same time, public consumption expenditures increased strongly by 13.4%, compensating for the slower household consumption growth (see [TBC Economic Review](#), insight #6).
- ❑ The investment was weak having declined by 5.2% in Q1 2019, mostly reflecting the one off impact of completion of the BP's pipeline construction project. In addition, mortgage lending and construction sector regulations affected the growth of construction sector negatively (see [note](#) on GDP growth). Over the trailing 4 quarters as of Q1 2019 contribution of investment still remains positive and its share in GDP stays at solid 32.4%.
- ❑ Lower investment activity also explains a notable improvement in the CA balance especially in Q1 2019 as well as over the trailing four quarters as of Q1 2019 (see [note](#) on CA deficit improvement) as lower savings-investment gap was primarily due to a drop in investments. Savings also increased, albeit more moderately.

Nominal GDP growth and contribution of expenditure components (last 4 quarters, nominal)



Source: Geostat

Savings, investment and S-I gap (% of GDP)



Source: Geostat, TBC Bank Economic Team estimates

The information, statements and opinions contained in this report represent opinions of the authors i.e. TBC Bank Economic Team only and do not constitute official views, opinions or position of TBC Bank Group. Information in this report is solely for information purposes and has been obtained from publicly available sources believed to be reliable but its accuracy and completeness is not guaranteed. This report does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

This report may contain forward-looking statements; such forward-looking statements contain known and unknown risks, uncertainties and other important factors. None of the future projections, expectations, estimates or prospects in this report should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects are based are accurate or exhaustive or, in the case of the assumptions, entirely covered in the report.

Neither TBC Bank Group nor authors of this report accept liability whatsoever for any direct or consequential loss arising from any use of this report or its contents or otherwise arising in connection therewith. This report is copyright-protected and no part of it can be reproduced, republished, and/or distributed. All rights reserved.