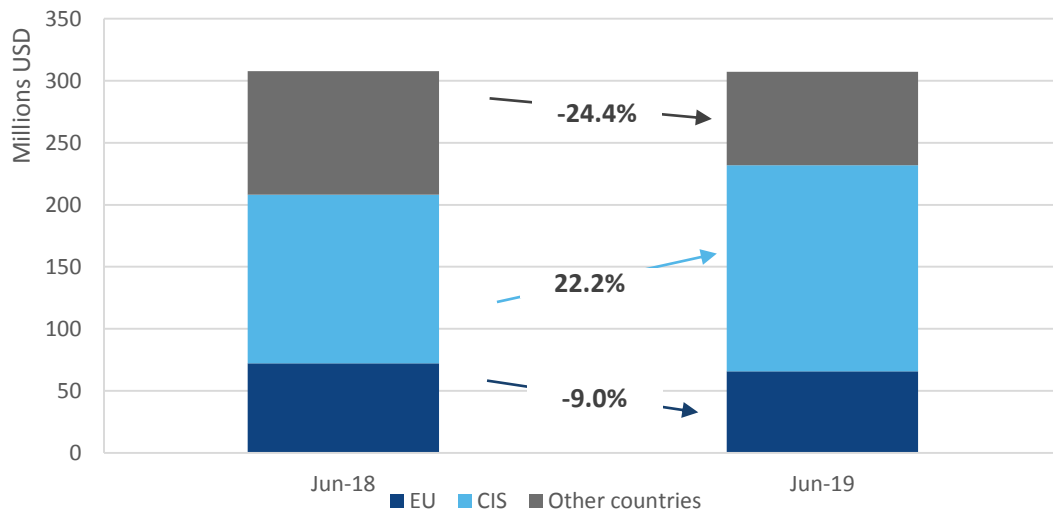


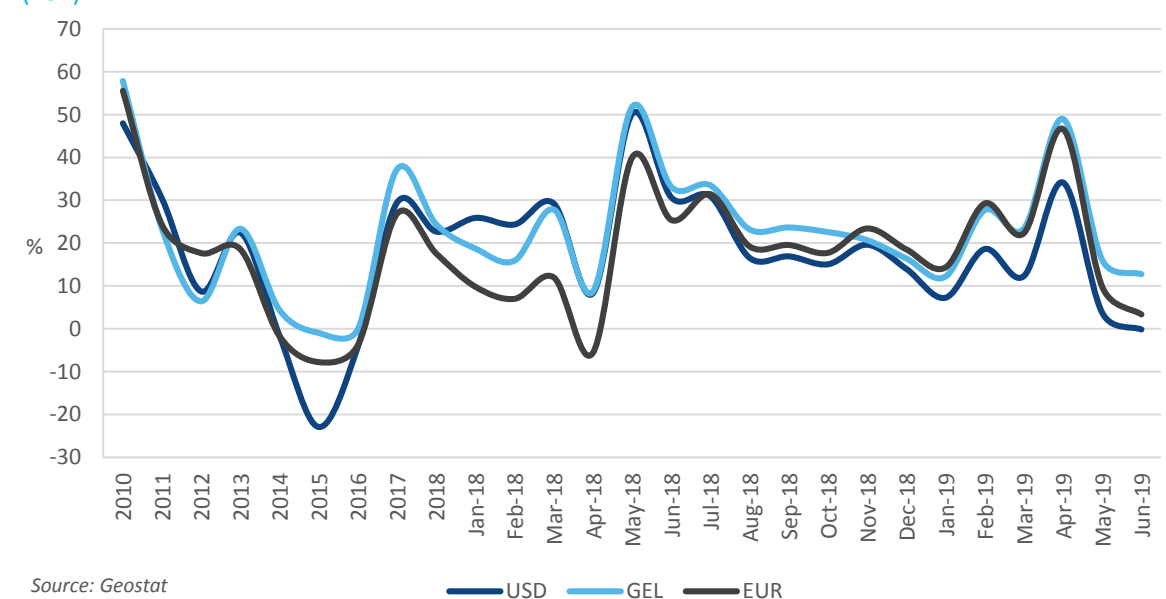
- ❑ Exports remained flat (-0.2% YoY) in June when expressed in USD. In EUR and GEL growth stood at 3.3% and 12.8%, respectively.
- ❑ Weakening exports primarily reflect the decline in re-exports of some major categories such as copper ores (-23.8% YoY) and cigarettes (-50.6% YoY). Export commodities with relatively higher share of domestic value added like electricity (-48.1% YoY), fertilizers (-23.2% YoY) and hazelnuts (-69.8% YoY) also declined. On the balancing side, exports of ferro-alloys increased by a solid 24.2% YoY, compensating for the drop of several other categories. At the same time, re-exports of cars also posted an increase of 32.3% YoY.
- ❑ In terms of regions, the increase of exports to the CIS was the major driver (+22.2% YoY). Exports to the EU slipped by 9.0% YoY, while exports to the other countries fell by a sharp 24.4% YoY.
- ❑ Real export growth also moderated. When adjusted for export prices, growth came in at 3.5% YoY in June, as opposed to the 11.2% YoY increase in May and an average of around 20% growth in the first 5 months of 2019. However, as lower re-exports were the main driver of the slowdown, the impact on GDP growth may be limited. Also, a high base effect should be taken into account.

Exports of goods by regions



Source: Geostat

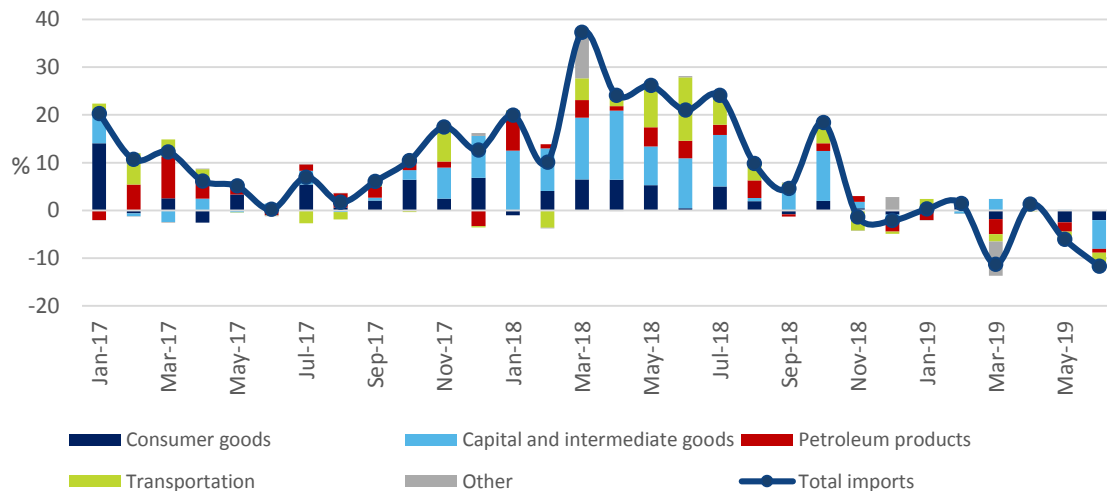
Growth of exports in different currencies (YoY)



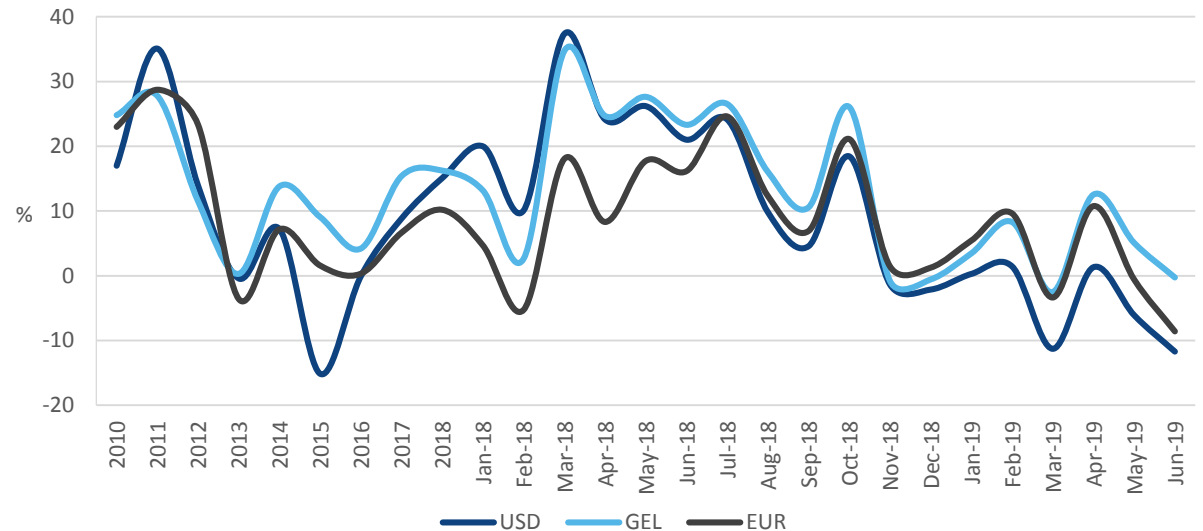
Source: Geostat

- Imports of goods fell by 11.7% YoY in USD terms in June. In EUR and GEL the decline amounted to 8.6% and 0.3%, respectively. At the same time, import prices went up by 11.7%, indicating steeper fall of imports in real terms.
- The decline of imports was broad-based across all major product categories. In particular, imports of capital and intermediate goods (-12.9% YoY), transport equipment (-20.1% YoY), consumer goods (-7.2% YoY) have all went down. With oil prices down by 13.2% YoY, petroleum products imports also declined (-7.2% YoY). Lower imports of capital and intermediate goods mostly reflect declined imports of copper-ores primarily destined for re-exports. In addition, construction materials also declined probably explained by the weakness in construction sector and overall relatively weak investment activity compared to the peak a year ago (see [note](#) on GDP growth).
- As for the regions, imports decreased from the CIS (-25.3% YoY), the EU (-10.2% YoY) as well as from other countries (-3.8% YoY).
- Relatively strong base effect together with likely weak domestic demand appears to be determining the import dynamics.

Growth of imports in USD and contribution (in PP) of product groups (YoY)



Growth of imports in different currencies (YoY)



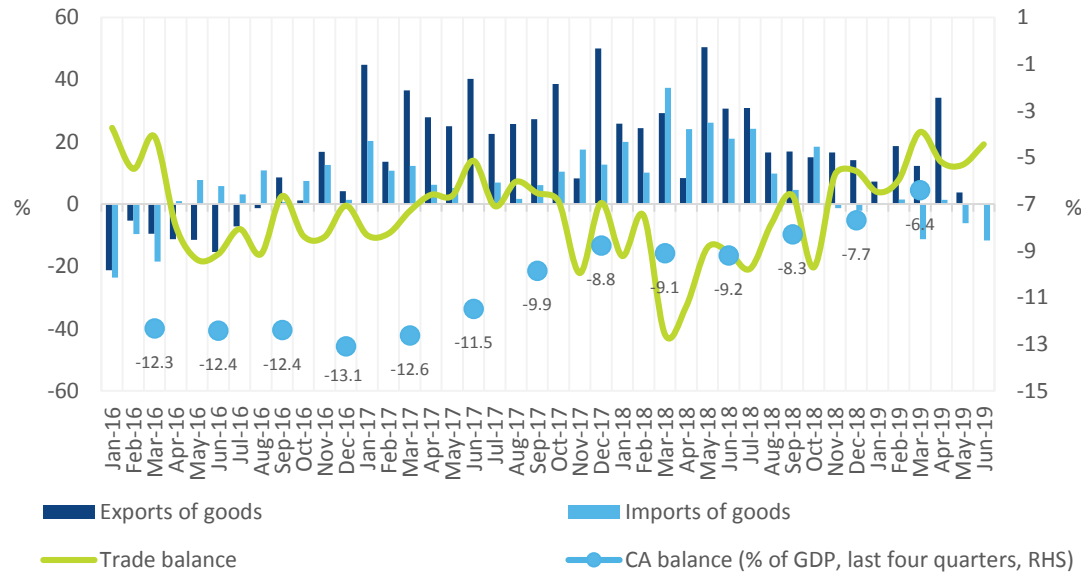
Source: Geostat

Source: Geostat

* Durable goods exclude cars due to the difficulty to estimate the share of re-exports on a monthly basis

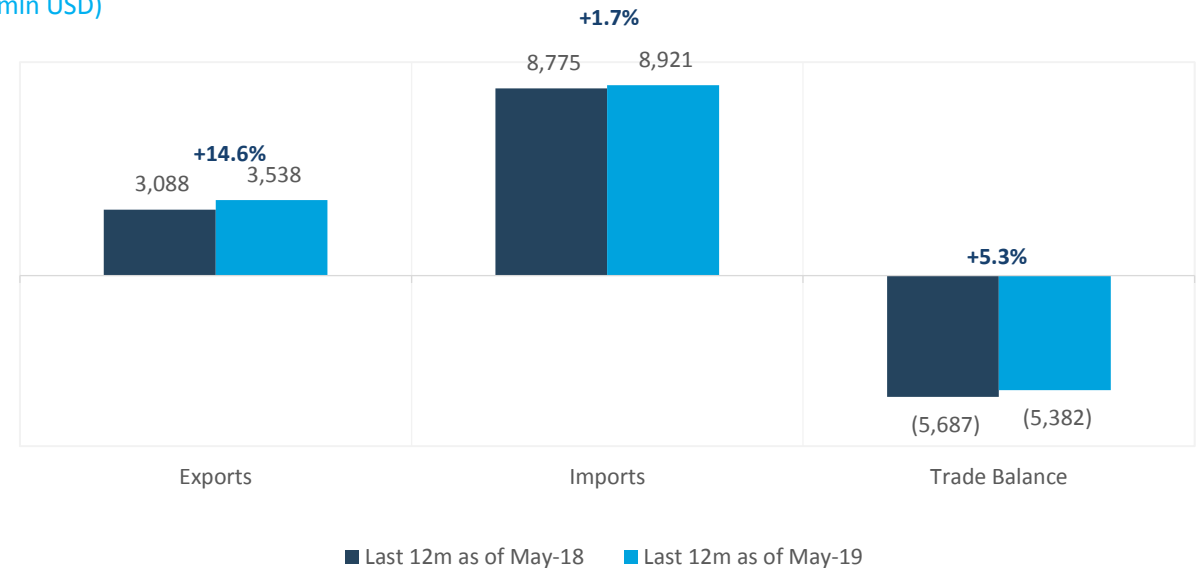
- Trade balance was up by 19.2% YoY (+90.7 mln USD in absolute terms), maintaining the improvement tendency for the 8th month in a row.
- Over the trailing 12 months ending in June 2019, export growth stood at 14.6% YoY, imports of goods went up by 1.7% YoY (both in USD terms) and the trade deficit narrowed by 5.3% (304 mln USD).

exports, imports and trade balance in USD, CA deficit to GDP (YoY)



Source: Geostat, NBG

Exports, imports and trade balance (mln USD)



Source: Geostat

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