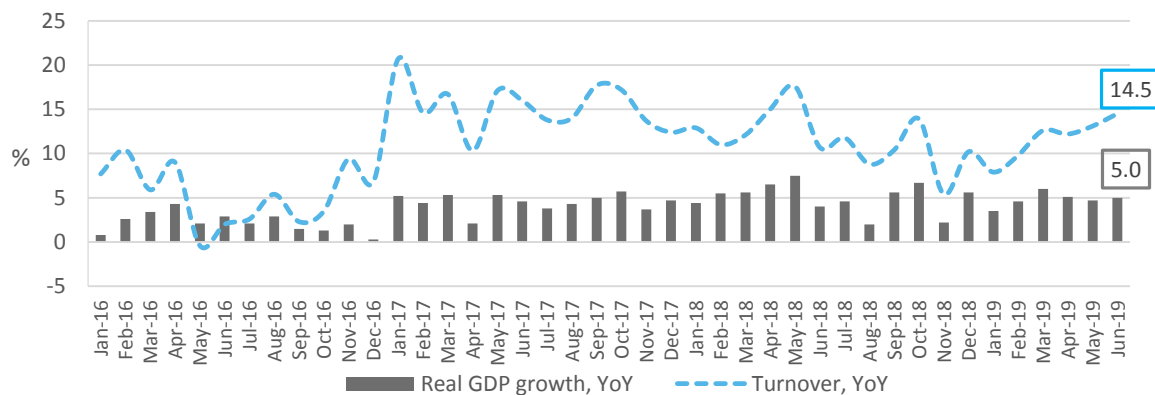


GDP growth estimates

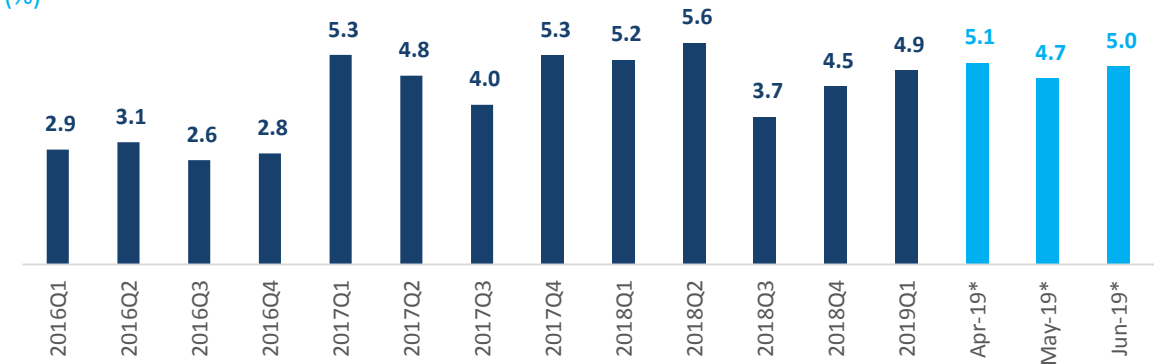
- According to the initial estimates of GeoStat, the real GDP growth stood at 5.0% YoY in June 2019. The growth averaged 4.9% YoY in the first six months of 2019.
- In terms of sectors, manufacturing, real estate, trade, transport and hotels and restaurants were the predominant drivers of the higher economic activity.
- Construction sector also contributed positively to the growth, breaking the declining trend in the previous months, likely explained by the waning negative effect of the finalization of the BP’s SCPX project and increased public infrastructure investments. While a moderate fiscal surplus was registered in June, it reflected higher tax revenues, rather than lower spending. Also, the lagged effect of the previous months’ expansionary fiscal stance was supportive (see note on [fiscal](#)). From the value added perspective, a decrease was only registered in the financial sector.
- Despite weaker growth in June, export commodities like ferro-alloys and re-exports of cars increased solidly supporting the growth of manufacturing and trade sectors, respectively. External demand likely remained the major driver of growth while domestic consumption and investments were moderate as also demonstrated by the declining imports across almost all major product categories (see the [note](#) on trade).
- Tourism and remittance inflows remained supportive to growth, especially with tourism increasing at higher rates in June as compared with the previous months (see notes on [remittances](#) and [tourism](#)). The recent flight ban will moderate tourism growth, but the initial evidence remains in-line with the updated projection of 4% GDP growth over the next twelve months with somewhat higher growth in 2019 and 2020 (see [note](#) on tourism growth after the Russian flight ban and tourism weekly updates).

Real GDP growth estimates* and turnover of companies**



Source: GeoStat
 *Based on initial estimates of GeoStat
 **Turnover of companies paying VAT

Real GDP growth (%)



Source: GeoStat
 *Based on initial estimates of GeoStat

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