

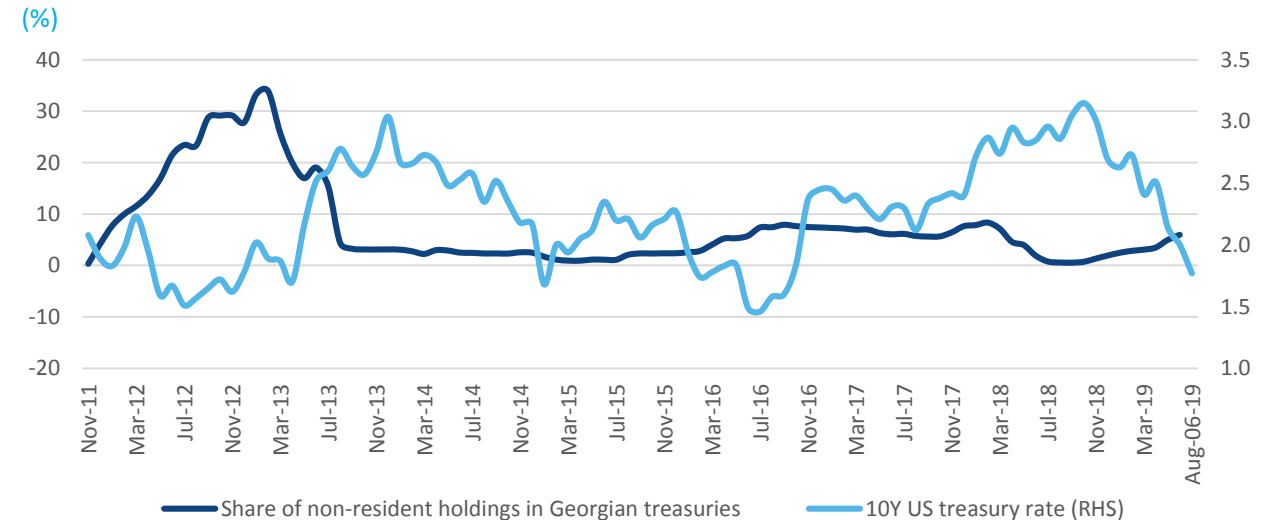
The global outlook has worsened, however, with also upsides for some emerging countries

- ❑ In its latest July World Economy Outlook, IMF further revised down global growth projections on the backdrop of higher tariffs on US-China trade, elevated Brexit uncertainties and increasing geopolitical tensions affecting commodity prices. Currently IMF expects global growth at 3.2% in 2019 and 3.5% in 2020, 0.1 PP lower compared to the previous projections. Risks to the outlook remain tilted to the downside, including further denting of the business and consumer sentiments, increase in the risk aversion and constrained space for the monetary stimulus to counter potential downturn.
- ❑ Growth was revised downwards mostly for emerging countries including China, Latin America, Russia and South Africa. At the same time, the outlook for most of Georgia's economic partners remained unchanged and/or was revised upwards. The EU is expected to grow at a same rate in 2019 and slightly stronger in 2020. The outlook for the CIS countries other than Russia was kept unchanged while the projections for Emerging and Developing Europe was revised upwards for 2019 and downwards in 2020.
- ❑ In light of the implications of global developments for the economic outlook as well as muted inflation pressures, as expected, the Fed lowered the target range for the policy rate to 2 to 2-1/4 percent, however, with a more hawkish tone, causing the USD to strengthen somewhat. Still, following the escalating tensions between the US and China dollar has retreated and US 10 year yields dipped further, increasing the appetite for at least some emerging markets, historically the relevant for Georgia.
- ❑ The ECB also signaled further monetary stimulus amidst weakening the growth in the Euro Area and higher risks stemming from China slowdown.

Overview of the World Economic Outlook Projections (%, YoY)

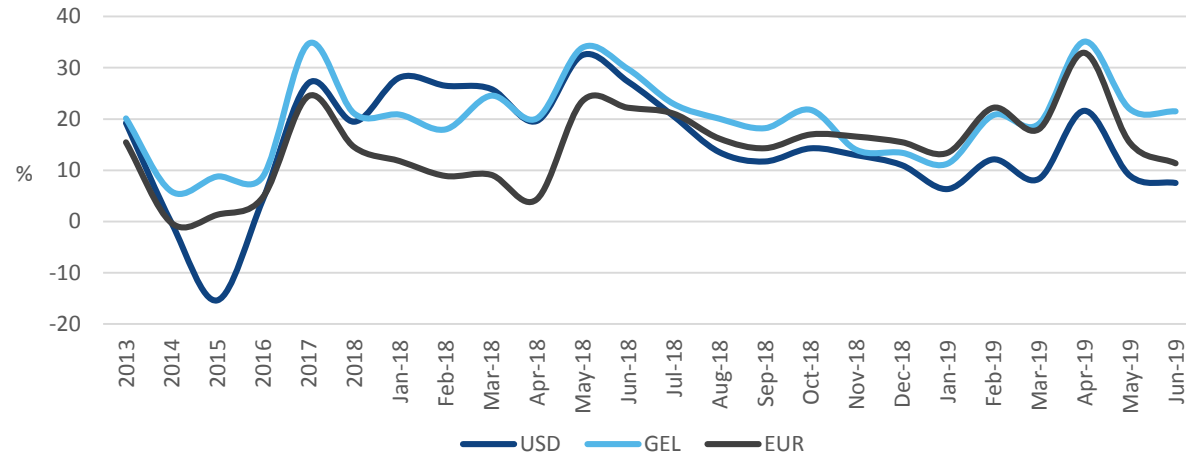
Countries/Regions	Facts		projections		Diff. from previous projections	
	2017	2018	2019	2020	2019	2020
World Output	3.8	3.6	3.2	3.5	-0.1	-0.1
Advanced Economies	2.4	2.2	1.9	1.7	0.1	0.0
United States	2.2	2.9	2.6	1.9	0.3	0.0
Euro Area	2.4	1.9	1.3	1.6	0.0	0.1
Emerging Market and Developing Economies	4.8	4.5	4.1	4.7	-0.3	-0.1
CIS	2.2	2.7	1.9	2.4	-0.3	0.1
Russia	1.6	2.3	1.2	1.9	-0.4	0.2
Excluding Russia	3.5	3.9	3.5	3.7	0.0	0.0
Emerging and Developing Asia	6.6	6.4	6.2	6.2	-0.1	-0.1
China	6.8	6.6	6.2	6.0	-0.1	-0.1
Emerging and Developing Europe	6.1	3.6	1.0	2.3	0.2	-0.5
Latin America and the Caribbean	1.2	1.0	0.6	2.3	-0.8	-0.1
Middle East, North Africa, Afghanistan, and Pakistan	2.1	1.6	1.0	3.0	-0.5	-0.2
Sub-Saharan Africa	2.9	3.1	3.4	3.6	-0.1	-0.1

10 Y US treasury rates and share of non-residents in Georgia's GEL treasury security holdings



External sector strong in June

Exports, tourism and remittance inflows in USD, GEL and EUR
(YoY)



Main components of BOP*
(mln USD)

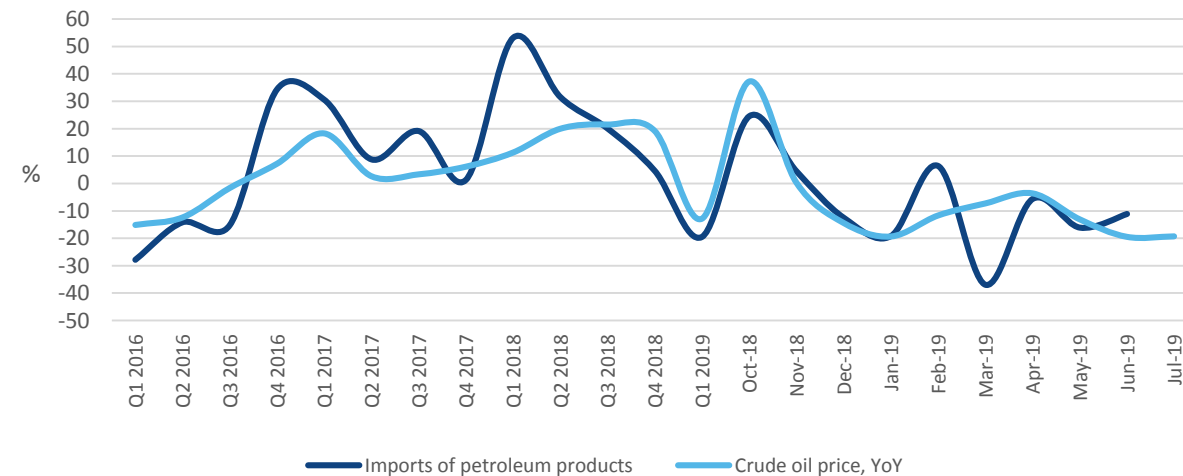
	m/m change in June	y/y change in June	y/y change in last 12m
Trade Balance	44.2	90.7	304.1
Exports of goods	-28.5	-0.6	450.3
Imports of goods	-72.8	-91.2	146.1
Remittances gross inflows	-2.1	8.5	138.9
Tourism gross inflows	49.0	48.0	356.4
Total	91.1	147.2	799.4

*Data given in the table are not exactly comparable to BOP figures; Remittance and tourism inflows represent gross figures without netting out the outflows. Still above given data well approximates the dynamics of current account

Growth of inflows of exports, tourism and remittances to Georgia by countries/regions
(%, YoY in USD)

Countries/regions	YoY over the trailing 12m as of June 19	Contr. to growth over the trailing 12m as of June 19	YoY in June 2019	Contr. to growth in June 2019
EU	19.8	30.3	10.7	25.9
Russia	18.7	27.8	23.7	50.7
Turkey	(13.6)	(12.2)	0.5	0.5
China	0.4	0.1	-72.7	-37.1
USA	6.4	2.3	6.6	4.3
Azerbaijan	18.6	13.0	0.1	0.1
Armenia	16.3	9.6	11.1	9.8
Ukraine	31.1	9.4	29.5	14.0
Other CIS countries	50.7	19.2	60.3	34.1
Israel	20.3	5.8	0.6	0.3
Middle East	(25.0)	(11.1)	-36.3	-22.5
Other	5.8	5.8	14.5	19.8
Total	12.2	100.0	8.2	100.0

Growth of petroleum products imports in Georgia and oil prices
(YoY in USD)



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