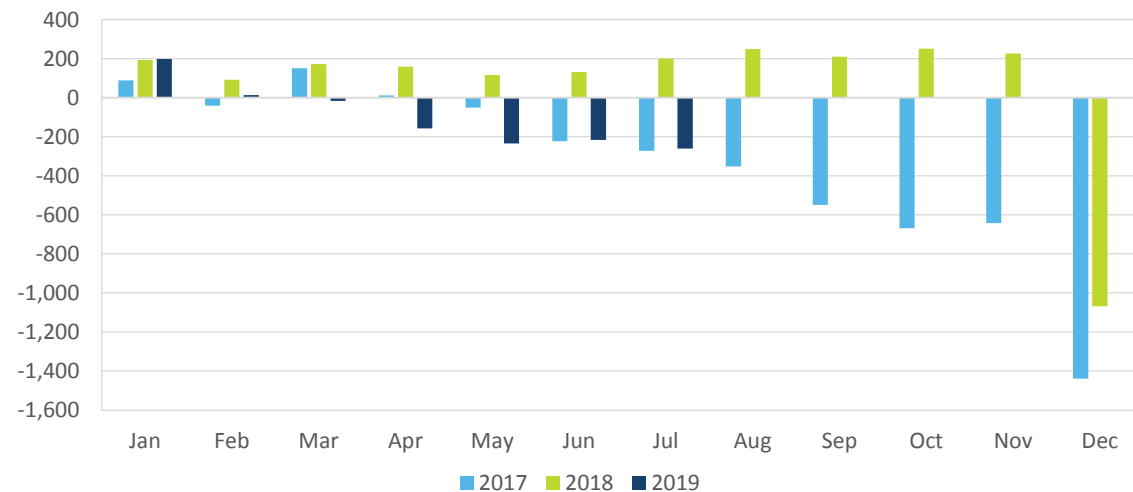


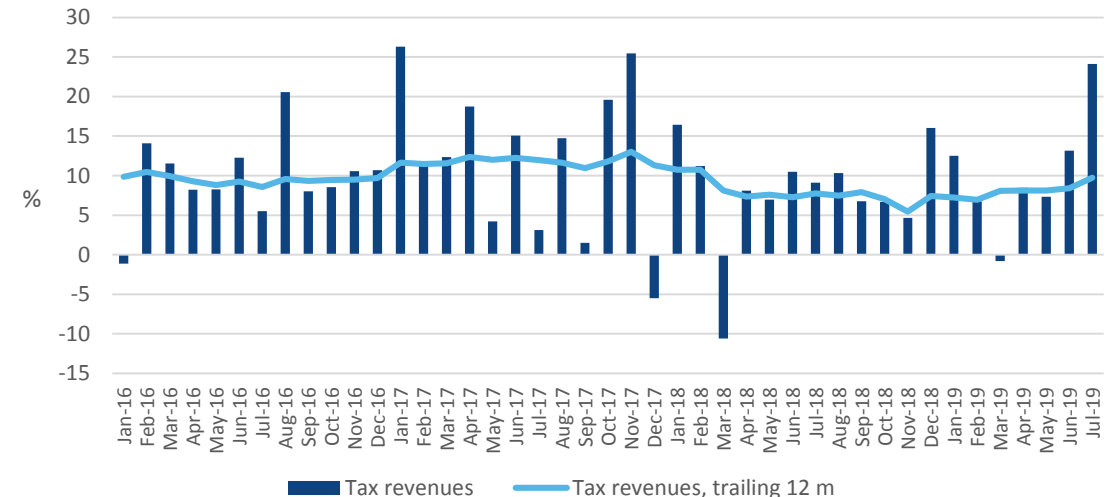
# July fiscal remains expansionary

- ❑ In July 2019 growth of the tax revenues accelerated to 24.1% YoY – a very solid increase supported mostly by the higher VAT. Over the trailing 12 months the total tax revenues went up by 9.7% YoY.
- ❑ Total spending posted a solid 39.5% YoY growth driven by both current (+28.3% YoY) as well as capital (+105.6% YoY) expenses. The share of the capital expenditures continues to rise as over the trailing 12 months ending July 2019 capital investments went up by 53.5% YoY while the current expenditures growth amounted to 7.4% YoY.
- ❑ Given the very strong performance of revenues, budget posted a relatively moderate deficit of around 45 mln GEL or an estimated 1% of the same month GDP being still considerably expansionary taking into account the surplus of around 2% of the same month GDP a year ago.
- ❑ The dynamics is similar in the first 7 months of 2019 with the budget deficit at around 261 mln GEL or an estimated 1% of the same period GDP – well above the same figure of the previous year (201 mln surplus, or c. 1% of GDP), pointing to a sizable expansionary fiscal stance especially when combined with the record high end of December 2018 advance payments.

Consolidated budget balance  
(mln GEL, cumulative)



Growth of tax revenues  
(YoY)



Source: MOF, TBC Bank Economic Team estimates

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