



February 1 - February 5, 2010

Main Theme of Week

- **By January 1, 2010 Total volume of deposits in the country's banking sector increased by 8,4 percent compared to the previous month and exceeded 3,4 billion GEL**
- **In 2009, Georgia have a positive trade balance with 30 countries instead of 21 countries in the same period of the previous year**
- **7 object under state ownership were sold by the Ministry of Economic Development of Georgia terms of auction. Total income amounted to 338 071 USD**

Economic and Business News

Banking Sector

According to the information of the National Bank of Georgia, total volume of deposits in the country's banking sector (including term deposits and current accounts of non-financial and households sectors, including payable interest) increased by 8,4 percent (266,5 million GEL) compared to the previous month and exceeded 3,4 billion GEL by January 1, 2010.

In December the volume of current accounts of non-financial and households sectors and the volume of term deposits increased by 13,4 and 5,9 percent, respectively. The dollarization ratio of deposits increased by 2 percentage points compared to the data for December 1, 2009 and amounted to 73,4 percent by January 1, 2010.

In December the annual average weighted interest rate for all deposits amounted to 9,4 percent, in particular, the interest rate for national currency denominated deposits was 10,7 percent and the interest rate for foreign currency denominated deposits was 9,2 per-

cent.

The share of US dollar in the total volume of foreign currency denominated deposits equals to 75,8 percent and the share of Euro equals to 23,3 percent.

The volume of lending by commercial banks (including loans to non-residents) amounted to 5,2 billion GEL by January 1, 2010. At the same time the volume of term loans increased by 1,2 percent (60,9 million GEL) while the volume of overdue loans decreased by 29,7 percent (67,4 million GEL).

By the end of December 2009 commercial banks issued to resident legal entities 563,4 million GEL worth of national currency-denominated loans (10,8 percent, 55 million more than in the previous month) and 2,4 billion GEL worth of loans in foreign currency (1 percent, 23,3 million more, respectively).

Out of the total volume of lending to legal entities, the biggest share falls on trade – 45,8 percent. Compared to November of the last year the volume of loans provided for trade

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increased by 1,9 percent (25,7 million GEL) and comprised 1,4 billion GEL.

Share of loans provided to the industrial sector constituted 22,7 percent of all loans to legal entities and amounted to 676 million GEL by January 1, 2010 (grew by 5,7 percent, 36,5 million GEL compared to the previous month).

11,5 percent falls on construction, amounting to 341,2 million GEL (9,8 percent, 30,4 million GEL growth respectively).

Thus, 80 percent of the total volume of lending to the legal entities falls only on three sectors – industry, construction and trade.

The volume of lending to individuals increased by 0,4 percent (8.3 million GEL), during the past month, and exceeded 2 billion GEL by January 1, 2010.

Trade Balance

In 2009, Georgia have a positive trade balance with 30 countries by the volume 191,3 mln. USD, instead of 21 countries (227,5 mln. USD) in the same period of the previous year.

In this period, Georgia have more than 1 mln. USD positive trade balance with 12 countries. These countries are: Canada (103,1 mln. USD), Armenia (47,5 mln. USD), Iraq (10,5 mln. USD), Saudi Arabia (9,1 mln. USD), Lebanon (3,7 mln. USD), Albania (3,1 mln. USD), Angola (3,1 mln. USD), Uzbekistan (2,3 mln. USD), Burkina Faso (1,9 mln. USD), Kyrgyzstan (1,5 mln. USD), Egypt (1,2 mln. USD) and Tajikistan (1,1 mln. USD).

Privatization

In 28th January of 2010, 7 object in real estate sphere were sold by the Ministry of Economic Development of Georgia terms of auction. Total income amounted to 338 071 USD.

Licenses

An auction was held in the Ministry of Economic Development of Georgia on February 1, 2010 with the intention to issue licenses for mineral procurement.

11 items were presented at the auction and 8 of them were sold. Total amount of income from auction amounted to 75 523 GEL.

International Economic Overview

IFC (International Financial Corporation), a member of the World Bank Group, plans to invest up to €100 million to buy non-performing loans in Central and Eastern Europe.

The proposed co-investment project aims to help local economies recover from the crisis by addressing the problem of bad debts and troubled assets.

This project is aimed at ensuring that banks in these emerging markets are able to continue to provide financing to businesses and credit to consumers, boosting economic activity and creating more jobs.

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Daily Economic Statistics

Indices

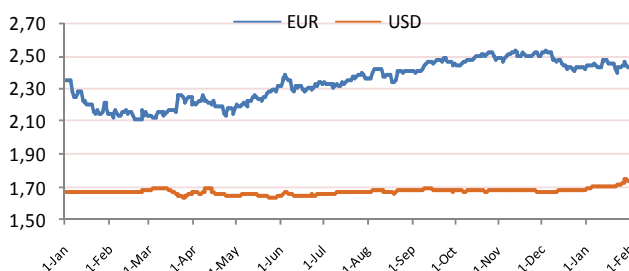
	04.02.10.	05.02.10.	Change
NASDAQ	2 190,91	2 125,43	▼ -2,99%
S&P 500	1097,28	1063,11	▼ -3,11%
Dow Jones	10 270,55	10 002,18	▼ -2,61%
Georgia's Eurobond (yield)	103,75	103,71	▼ -0,04%
Georgia's Eurobond (price)	6,184	6,193	▲ 0,15%

Source:

Yahoo Finance, Corp YAS

Foreign Exchange Rates (GEL)

	USD	EUR
05.02.10.	1,7232	2,3868
04.02.10.	1,7303	2,4117
03.02.10.	1,7303	2,4117
02.02.10.	1,7412	2,4201
01.02.10.	1,7415	2,4313



Source:

National Bank of Georgia

World Prices (USD)

	01.02.10	02.02.10	03.02.10	04.02.10	05.02.10
BRENT (DTD) (1 Barrel)	72,69	74,74	77,19	76,33	72,88
Gold (1 Uncia)	1082,75	1082,00	1114,00	1102,50	1052,25
Silver (1 Uncia)	16,29	16,23	16,78	16,13	15,17
Cooper (1 KG)	6,854	6,854	6,865	6,853	6,571

Source:

MetalPrices.com, LBMA.org.uk, K2kapital.com

Main Macroeconomic Indicators

- In 2008, nominal GDP of Georgia amounted 12 800,5 mln. USD, while in 2004 it amounted 5 125 mln. USD
- In 2008, the real GDP growth rate in Georgia was 2,3%

	2004	2005	2006	2007	2008
Nominal GDP (mln. USD)	5 124,7	6 411,0	7 761,7	10 171,9	12 800,5
Real growth of GDP	5,9%	9,6%	9,4%	12,3%	2,3%
GDP per capita (USD)	1 187,6	1 483,5	1 763,5	2 314,6	2 921,1

Source:

Department of Statistics of Ministry of Economic Development of Georgia

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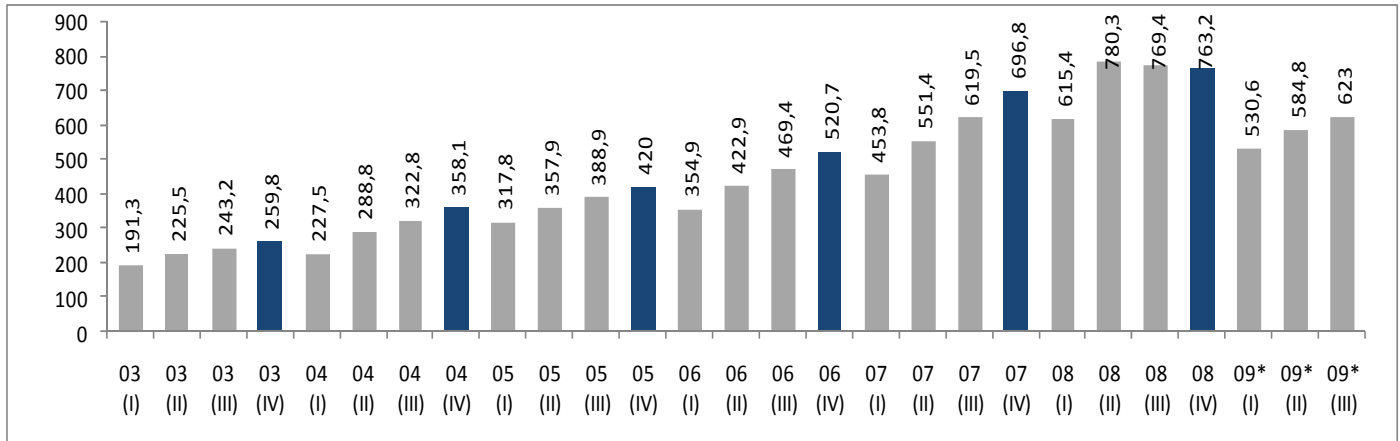
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GDP per capita (USD)

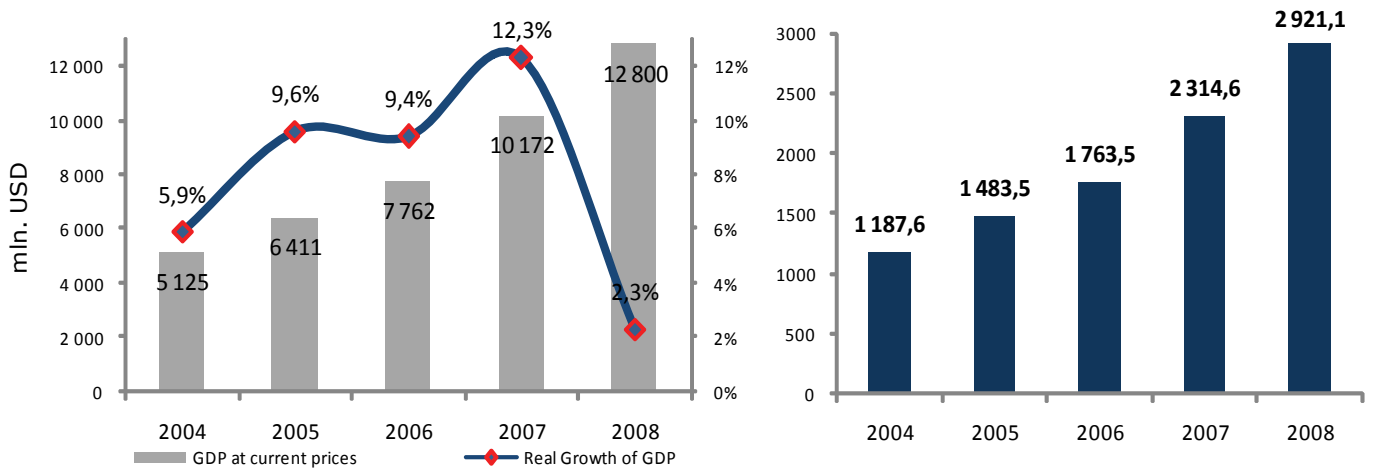


Source:

Department of Statistics of Ministry of Economic Development of Georgia

GDP at current prices and real growth

GDP per capita (Annual, USD)



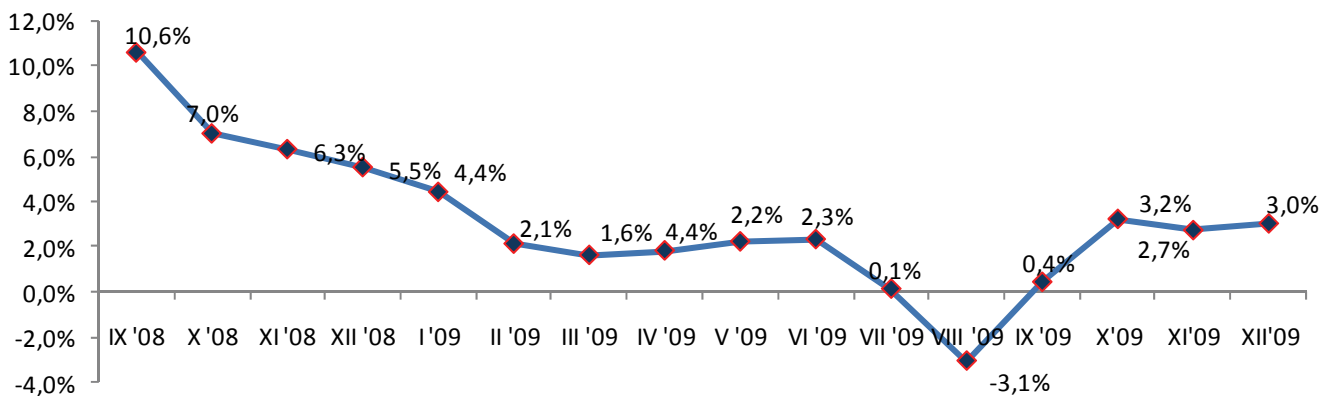
Source:

Department of Statistics of Ministry of Economic Development of Georgia

Remark:

Adjusted evaluations will be published by end of November of 2010

Inflation



Source:

Department of Statistics of Ministry of Economic Development of Georgia

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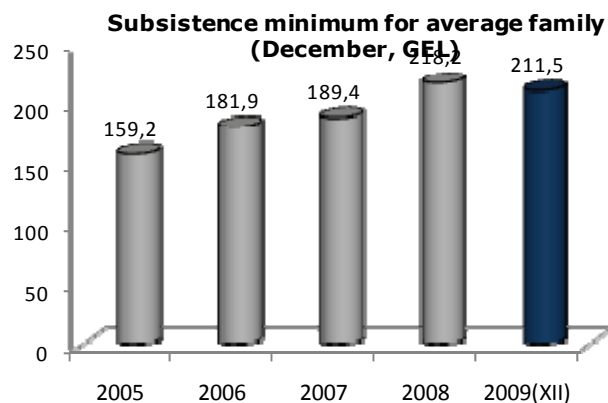
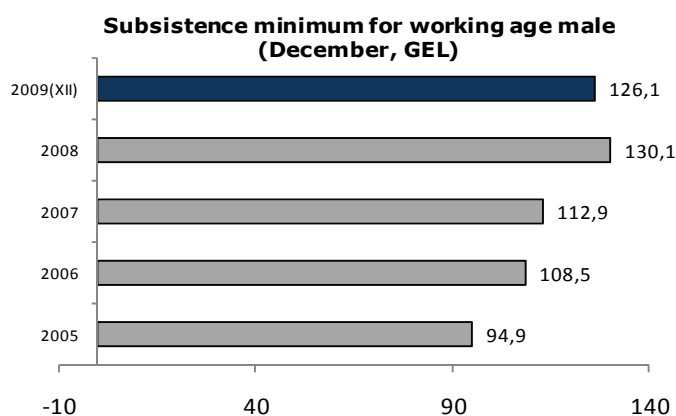
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Social Statistics

	2005	2006	2007	2008
Active population (labour force, thousand person)	2023,9	2021,8	1965,3	1917,8
Employed	1744,6	1747,3	1704,3	1601,9
Salaried employees	600,5	603,9	625,4	572,4
Self-employed	1143,3	1141,6	1078,8	1028,5
Not classified	0,8	1,8	0,1	1,1
Unemployed	279,3	274,5	261,0	315,8
Unemployment rate (%)	13,8	13,6	13,3	16,5



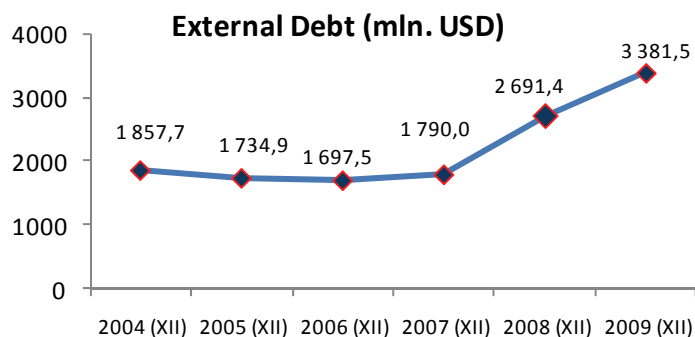
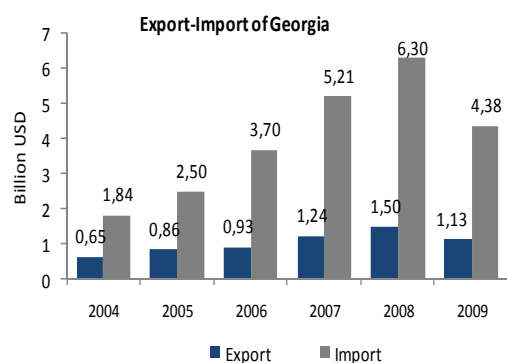
Subsistence minimum	2005	2006	2007	2008	2009*
Working age male	94,9	108,5	112,6	130,1	124,7
Average consumer	84,1	96,1	100,0	115,2	110,5
Average family	159,2	181,9	189,4	218,2	209,2

(*December, GEL)

Source:

Department of Statistics of Ministry of Economic Development of Georgia

External Economic Statistics



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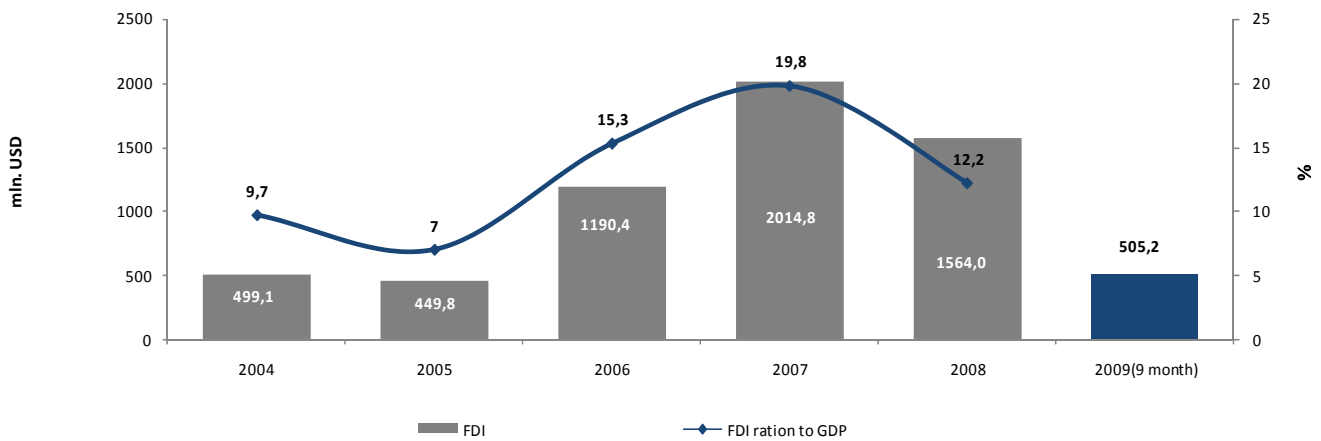
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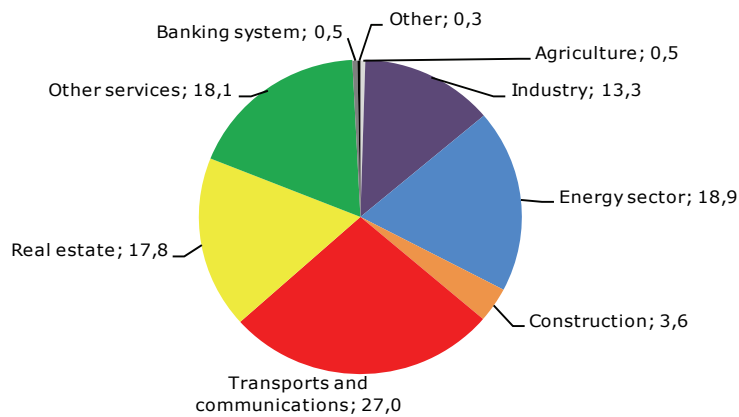
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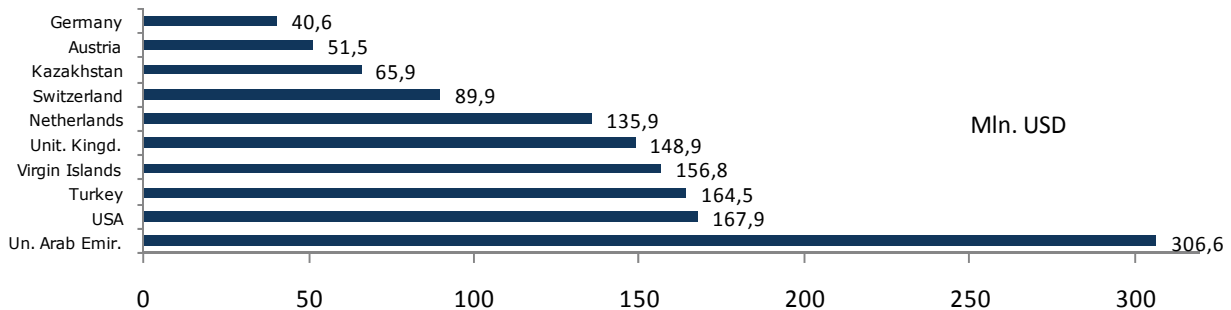
Foreign Direct Investment



FDI by Economic Sectors (2008, %)



Top 10 Investor countries 2008



- Foreign Direct Investments In Georgia in January-September of 2009 amounted to 505,2 mln.USD

	2005	2006	2007	2008	2009
Registered Export (FOB)	865,5	936,2	1232,4	1496,0	1 135,0
Registered Import (CIF)	2490	3677,7	5214,9	6304,6	4 378,3
Turnover	3355,4	4613,9	6447,3	7800,6	5 513,3
FDI in Georgia	449,8	1190,4	2014,8	1564,0	505,2*
Foreign dept of Georgia	1,735	1,698	1,790	2,691	3 381,5

(mln. USD) *9 months of 2009

source : Department of Statistics of Ministry of Economic Development of Georgia , National Investment Agency, Ministry of Finance of Georgia

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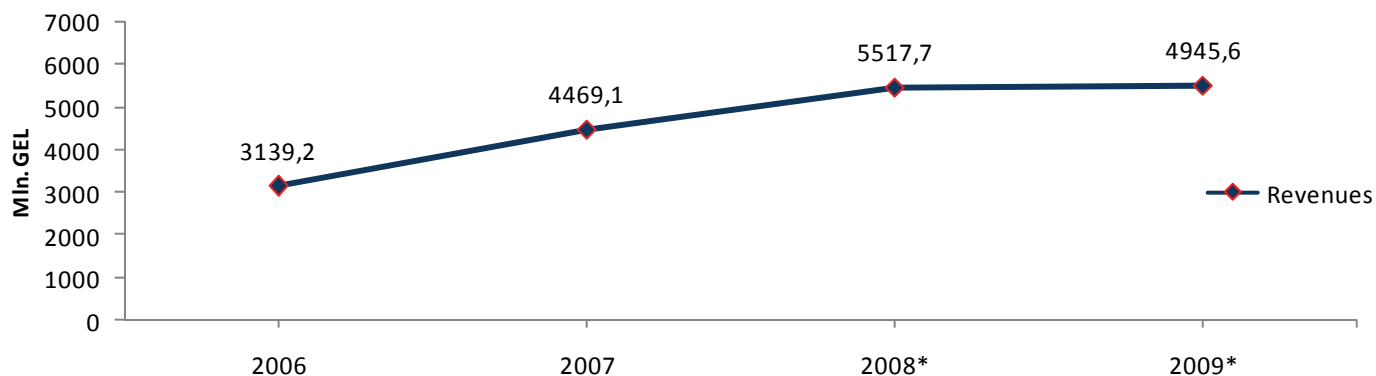
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State Budget Revenues



	2006	2007	2008	2009
Revenues	3139,2	4469,1	5517,7	4945,6
Taxes	2130,3	3010,5	4541,6	4139,2
Social contributions	502,8	722,0		
Grants	167,6	208,7	617,2	463,1
Other revenues	338,5	527,8	359,0	343,3

(mIn.GEL)

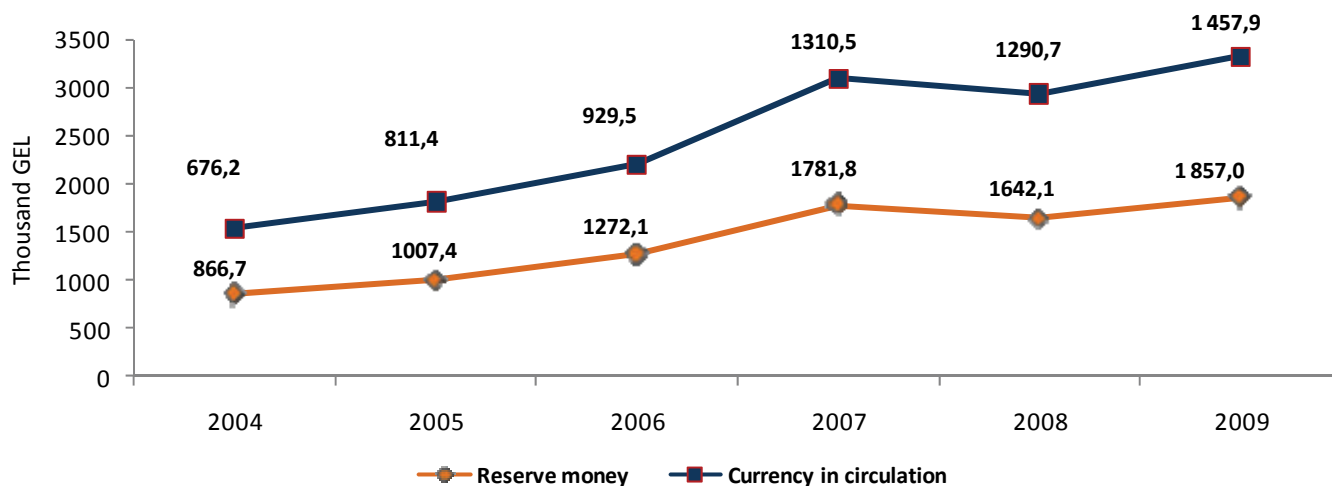
Remark:

Datas for 2009 are plans

Source:

Georgian law about State Budget

Monetary Indicators



	2004	2005	2006	2007	2008	2009
Reserve money	866,7	1007,4	1272,1	1781,8	1642,1	1850,7
Currency in Circulation	676,2	811,4	929,5	1310,5	1290,7	1303

Source:

National Bank of Georgia

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Useful Links:

Ministry of Economic Development of Georgia	www.economy.ge
Georgian National Investment Agency	www.investinggeorgia.org
Department of Tourism and Resorts of Georgia	www.dort.gov.ge
Department of Privatization of Georgia	www.privatization.ge
Regulations and Metrology	www.gnims.caucasus.net
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