



TBC CAPITAL

UPDATE FROM THE CHIEF ECONOMIST

Net inflows improved further

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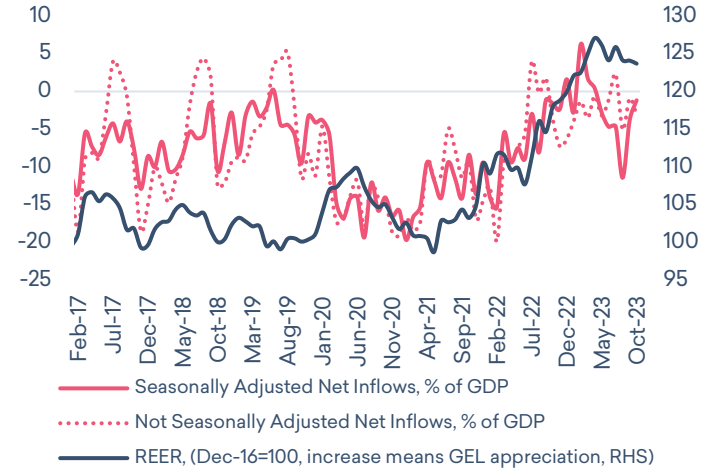
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Net currency inflows improved for the second month in a row in October, in line with [our expectations](#). Indeed, as we underlined last week, current slight but continued GEL appreciation must be an indication of balanced out pressures on the exchange rate despite the still adverse impact of seasonality-related sentiments driving higher FC deposit growth relative to the National Currency and the elevated USD yields. Again, while the relevant data is not yet available, based on historical behavior, we do not recall episodes of the GEL strengthening being driven by the central bank interventions, which usually are rather smoothing only, or under the often-used IMF language also for the floaters – curbing the unduly fluctuations.

NET CURRENCY INFLOWS AND GEL

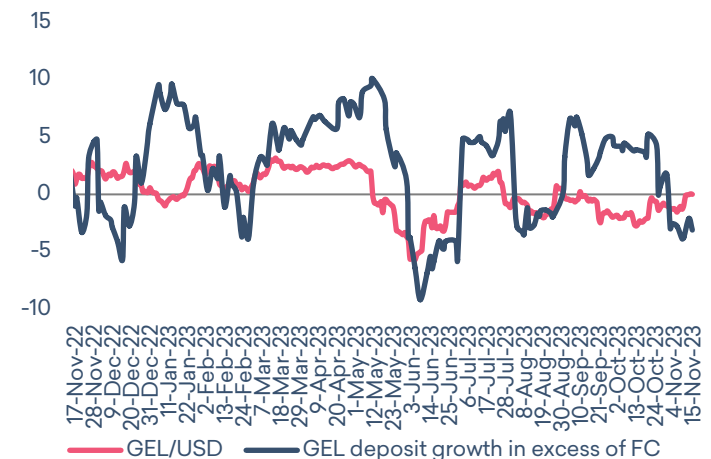


Note: Net inflows is a sum of net export of goods, gross tourism and remittances. Remittances from Russia are adjusted for double counting with tourism inflows and other issues; TBC Capital monthly tourism estimates based on assumptions of share of migrants counted as residents according to NBG and the estimate that migrants receiving international revenues based on [TBC Bank client survey](#)

Source: Geostat, NBG, TBC Capital

DAILY ESTIMATES OF DEPOSIT CONVERSIONS AND GEL/USD

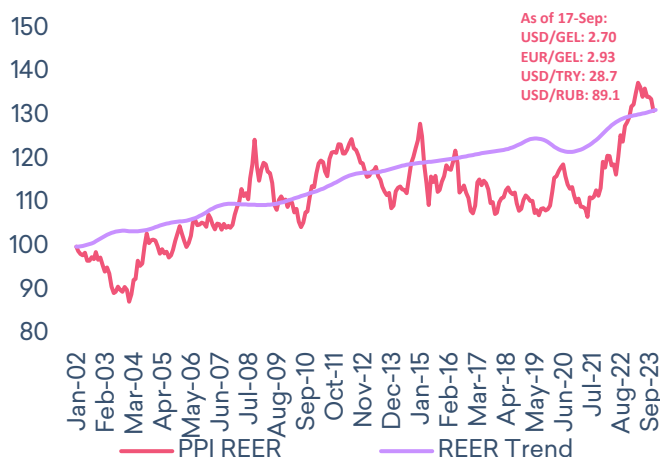
(MoM, seasonally & fc-adjusted, as of 15-Nov)



Source: NBG, TBC Capital

GEL REER ACTUAL AND FITTED REER

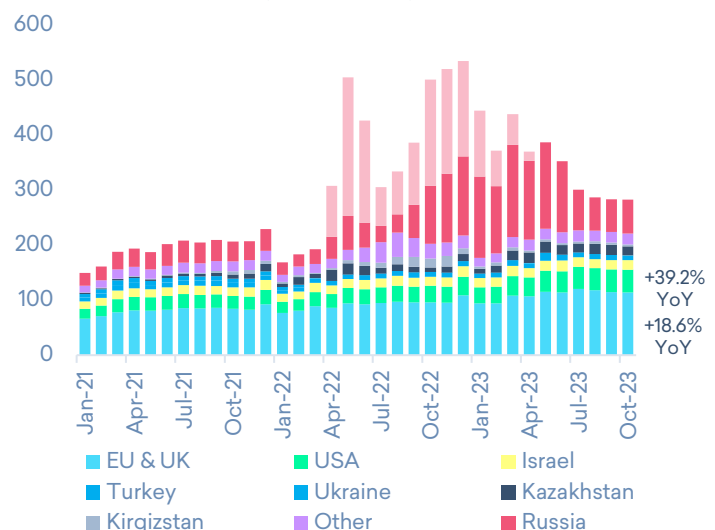
(As of 17-Sep-23, increase means GEL appreciation)



Note: PPI REER data is estimated from January 2013. REER Trend is estimated based on GDP per capita growth differential between Georgia and its main trading partners using relative trade weights and adjusted for the share of non-tradable sector

Source: NBG, IMF, WB, TBC Capital

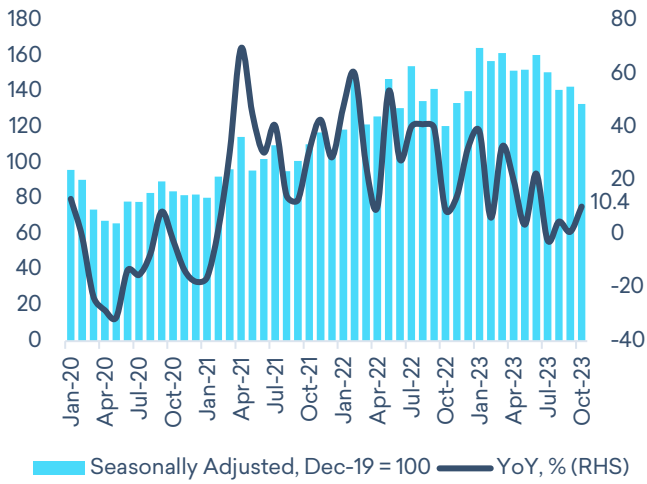
REMITTANCES (mln USD)



Note: Remittances from Russia (transparent red area) are adjusted for double counting with tourism inflows and other issues

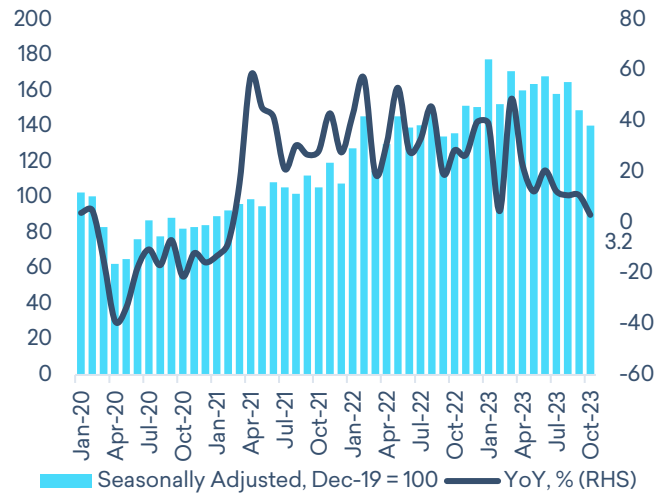
Source: NBG, TBC Capital estimates

EXPORT OF GOODS



Source: Geostat, TBC Capital

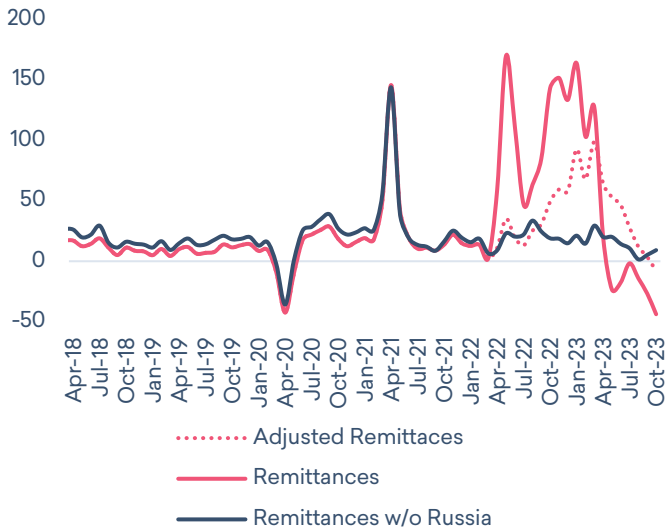
IMPORT OF GOODS



Source: Geostat, TBC Capital

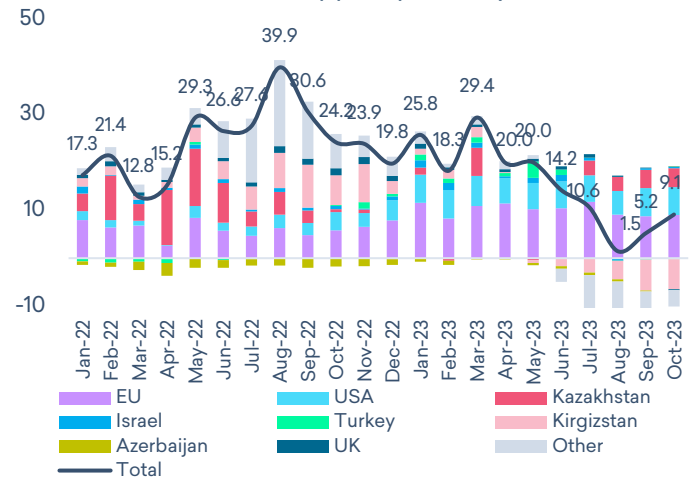
REMITTANCES

(YoY, %)



Source: NBS, TBC Capital

GROWTH OF REMITTANCES FROM COUNTRIES OTHER THAN RUSSIA AND UKRAINE (% YoY and pp respectively)



Source: NBS

Data releases to watch this week:

Nov-20 – External Trade Detailed Data, Oct-23;

Nov-20 – Producer Price Index, Oct-23;

Nov-20 – Labor Market, 2023 Q3.

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