

5/13/2022

Weekly Highlights

EXTERNAL MERCHANDISE TRADE OF GEORGIA IN JANUARY-APRIL 2022

External Merchandise Trade (excluding non-declared trade) of Georgia amounted to USD 5 252.9 million in January-April 2022, 33.4 percent higher year-on-year. The value of export increased by 32.8 percent reaching USD 1 587.5 million, while the import increased by 33.7 percent and amounted to USD 3 665.4 million. The trade deficit equaled USD 2 077.9 million and its share in trade turnover constituted 39.6 percent.

INFLATION RATE IN GEORGIA, APRIL 2022

In April 2022 the Consumer Price Index increased by 1.8 percent compared to the previous month, while the annual inflation rate amounted to 12.8 percent. With regard to the annual core inflation<sup>1</sup>, the prices increased by 5.0 percent, while the annual core inflation without tobacco<sup>2</sup> amounted to 5.7 percent.

EXCHANGE RATE

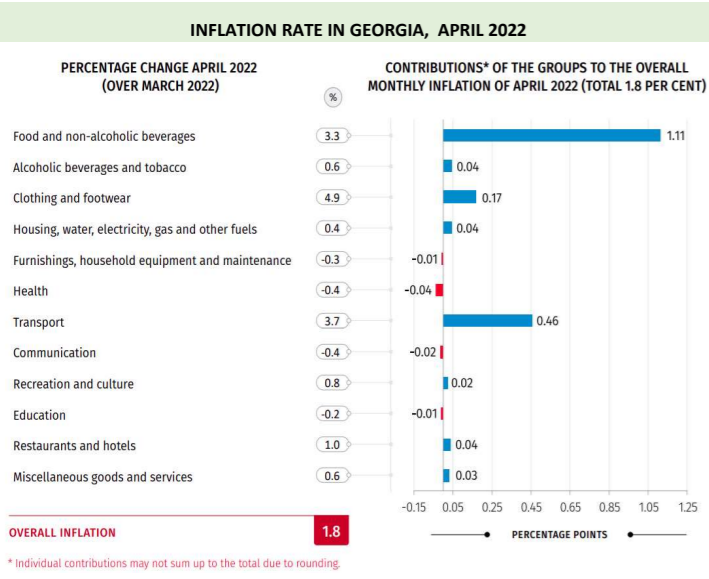
As a result of May 13rd, the value of one dollar became 3.0129 GEL and the value of one euro became 3.1286 GEL.

"We want to replace imported strawberries,we have the resources for that" - "Agrospace"

In Marneuli, in the village of Azizkend, with an investment of about 2 million GEL, a strawberry greenhouse "Agrospace" was planted, which received its first harvest this year. On the farm, which comprises a total of 3 hectares, the strawberry garden covers half an hectare. It should be noted that up to 15 locals are employed here.

Tengiz Salukvadze, the founder of Agrospace, told bm.ge that 70,000 seedlings have been planted on the site and 50 tons of strawberries are expected to be harvested annually. In addition, the company produces strawberries for 9 months. According to him, "Agrospace" plans to replace the imported high-quality strawberries with imported products.

As for the sales market, so far we are represented only in "AgroHub". We will consider exports in the future, but for now we will satisfy the local market. We want to gradually replace imported strawberries with Georgian ones, because we have all the resources for that. "There are a lot of strawberries imported to Georgia today, which are not distinguished by quality and taste," - said Tengiz Salukvadze. Source: bm.ge

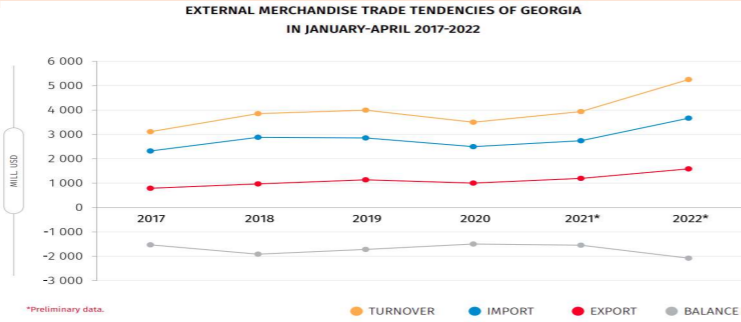


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# Agricultural Report on Georgia #34

EXTERNAL MERCHANDISE TRADE OF GEORGIA IN JANUARY-APRIL 2022



| YEAR  | MONTH     | EXPORTS | IMPORTS  | TURNOVER | BALANCE  |
|-------|-----------|---------|----------|----------|----------|
| 2020  | YEAR      | 3 343.4 | 8 052.9  | 11 396.3 | -4 709.4 |
|       | January   | 267.9   | 645.4    | 913.3    | -377.5   |
|       | February  | 262.6   | 704.5    | 967.2    | -441.9   |
|       | March     | 249.5   | 670.9    | 920.4    | -421.4   |
|       | April     | 222.5   | 478.4    | 700.9    | -256.0   |
|       | May       | 234.4   | 529.4    | 763.8    | -295.0   |
|       | June      | 268.5   | 609.0    | 877.4    | -340.5   |
|       | July      | 274.6   | 727.6    | 1 002.1  | -453.0   |
|       | August    | 292.5   | 664.9    | 957.3    | -372.4   |
|       | September | 331.3   | 750.2    | 1 081.5  | -418.9   |
|       | October   | 312.9   | 729.3    | 1 042.2  | -416.4   |
|       | November  | 301.1   | 721.3    | 1 022.5  | -420.2   |
| 2021* | December  | 325.7   | 822.0    | 1 147.6  | -496.3   |
|       | YEAR      | 4 242.3 | 10 104.8 | 14 347.1 | -5 862.5 |
|       | January   | 224.5   | 561.7    | 786.2    | -337.2   |
|       | February  | 267.7   | 648.4    | 916.1    | -380.7   |
|       | March     | 325.7   | 775.0    | 1 100.7  | -449.3   |
|       | April     | 377.7   | 756.3    | 1 134.0  | -378.6   |
|       | May       | 340.0   | 770.1    | 1 110.1  | -430.1   |
|       | June      | 350.7   | 863.7    | 1 214.4  | -513.1   |
|       | July      | 386.3   | 882.6    | 1 268.9  | -496.2   |
|       | August    | 335.1   | 868.4    | 1 203.5  | -533.2   |
|       | September | 373.6   | 958.4    | 1 332.0  | -584.8   |
|       | October   | 413.2   | 936.2    | 1 349.4  | -524.9   |
| 2022* | November  | 430.4   | 1 033.4  | 1 463.7  | -603.0   |
|       | December  | 419.5   | 1 050.6  | 1 470.1  | -631.2   |
|       | Year      | 1 587.5 | 3 665.4  | 5 252.9  | -2 077.9 |
|       | January   | 331.3   | 800.7    | 1 132.0  | -469.3   |
|       | February  | 429.0   | 1 018.3  | 1 447.3  | -589.2   |
|       | March     | 411.4   | 899.2    | 1 310.6  | -487.8   |
|       | April     | 415.7   | 947.2    | 1 363.0  | -531.5   |

\*Preliminary data.

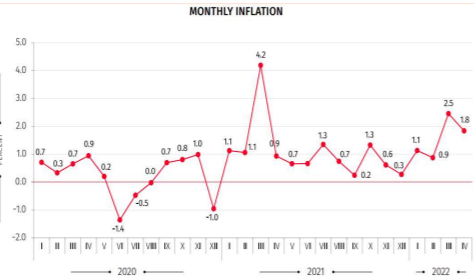
Governmental, Non-governmental grants and subsidies of Agriculture

The Food and Agriculture Organization of the United Nations (FAO) is announcing the fifth phase of a grant competition in support of agricultural initiatives under the European Union's ENPARD program.

The initiative aims to improve access to finance, services and manufacturing equipment for farmers, rural households, cooperatives, and small and medium-sized enterprises. The program should help increase the competitiveness of the agricultural sector and improve the livelihoods of rural people.

The grant can be applied for by those whose farm or business operates in one of the listed municipalities: Lagodekhi, Dedoplistskaro, Tetrtskaro, Akhalkalaki, Borjomi, Kazbegi, Keda or Khulo. These are the target municipalities where rural development projects are implemented under the ENPARD program. The program envisages co-financing of zero tillage sowing for grain producers, as well as a drip irrigation system and tractor set. In addition, farmers in Gori Municipality will be able to request both co-sowing of zero grain sowing and anti-hail nets for apple orchards. With the purchase of drip irrigation systems and zero soil sowing, the program will provide 60 per cent co-financing, while tractor kits and anti-hail nets will be subsidized with 40 per cent.

Detailed information about the program, a list of equipment and its suppliers and information required for grant registration are available on the website: [www.fao.grants.ge](http://www.fao.grants.ge)



**Food and non-alcoholic beverages:** the prices for the group increased by 3.3 percent, contributing 1.11 percentage points to the overall monthly index change. The prices were higher for the following subgroups: vegetables (9.0 percent), oils and fats (7.4 percent), bread and cereals (4.7 percent), coffee, tea and cocoa (4.1 percent), fish (3.5 percent), fruit and grapes (3.2 percent), meat (2.2 percent), sugar, jam, honey, chocolate and confectionery (1.8 percent);

Agricultural commodities

Grains

| INDEX                       | UNITS   | PRICE    | CHANGE | %CHANGE | CONTRACT | TIME (EDT) |
|-----------------------------|---------|----------|--------|---------|----------|------------|
| C1:COM Corn (CBOT)          | USD/bu. | 780.50   | -11.00 | -1.39%  | Jul 2022 | 1:26 PM    |
| W1:COM Wheat (CBOT)         | USD/bu. | 1170.25  | -8.50  | -0.72%  | Jul 2022 | 1:26 PM    |
| O1:COM Oats (CBOT)          | USD/bu. | 617.00   | -7.50  | -1.20%  | Jul 2022 | 1:24 PM    |
| RR1:COM Rough Rice (CBOT)   | USD/cwt | 17.43    | +0.25  | +1.46%  | Jul 2022 | 1:22 PM    |
| S1:COM Soybean (CBOT)       | USD/bu. | 1,647.00 | +33.25 | +2.06%  | Jul 2022 | 1:26 PM    |
| SM1:COM Soybean Meal (CBOT) | USD/T.  | 408.70   | +12.70 | +3.21%  | Jul 2022 | 1:26 PM    |
| BO1:COM Soybean Oil (CBOT)  | USD/lb. | 83.83    | +1.31  | +1.59%  | Jul 2022 | 1:26 PM    |
| RS1:COM Canola (ICE)        | CAD/MT  | 1,108.30 | +20.40 | +1.88%  | Nov 2022 | 1:26 PM    |

Softs

| INDEX                      | UNITS               | PRICE    | CHANGE | %CHANGE | CONTRACT | TIME (EDT) |
|----------------------------|---------------------|----------|--------|---------|----------|------------|
| CC1:COM Cocoa (ICE)        | USD/MT              | 2,469.00 | +36.00 | +1.48%  | Jul 2022 | 1:29 PM    |
| KC1:COM Coffee C' (ICE)    | USD/lb.             | 213.90   | -1.40  | -0.65%  | Jul 2022 | 1:29 PM    |
| SB1:COM Sugar #11 (ICE)    | USD/lb.             | 19.17    | +0.53  | +2.84%  | Jul 2022 | 12:59 PM   |
| JO1:COM Orange Juice (ICE) | USD/lb.             | 167.25   | +2.80  | +1.70%  | Jul 2022 | 1:30 PM    |
| CT1:COM Cotton #2 (ICE)    | USD/lb.             | 145.50   | -0.03  | -0.02%  | Jul 2022 | 1:30 PM    |
| OL1:COM Wool (ASX)         | ---                 | ---      | ---    | ---     | N/A      | ---        |
| LB1:COM Lumber (CME)       | USD/1000 board feet | 776.80   | -1.00  | -0.13%  | Jul 2022 | 1:30 PM    |
| OR1:COM Rubber (Singapore) | USD/kg              | 158.00   | +0.20  | +0.13%  | Aug 2022 | 5:59 AM    |
| DL1:COM Ethanol (CBOT)     | USD/gal.            | 2.16     | 0.00   | 0.00%   | Jun 2022 | 5/12/2022  |

Livestock

| INDEX                       | UNITS   | PRICE  | CHANGE | %CHANGE | CONTRACT | TIME (EDT) |
|-----------------------------|---------|--------|--------|---------|----------|------------|
| LC1:COM Live Cattle (CME)   | USD/lb. | 132.70 | -0.07  | -0.06%  | Aug 2022 | 1:26 PM    |
| FC1:COM Feeder Cattle (CME) | USD/lb. | 168.05 | +1.53  | +0.92%  | Aug 2022 | 1:26 PM    |
| LH1:COM Lean Hogs (CME)     | USD/lb. | 100.33 | +2.85  | +2.92%  | Jun 2022 | 1:26 PM    |

Economic Data on Georgia

| GDP   |         |         |          |         |         |         |         |
|---|---------|---------|----------|---------|---------|---------|---------|
|   | III 20* | IV 20*  | 2020*    | I 21*   | II 21*  | III 21* | IV 21*  |
| GDP at Current Prices, Bn €                                 | 13.4    | 14      | 49.3     | 11.5    | 15.5    | 16      | 17.2    |
| GDP at Constant 2015 prices, Bn €                           | 9.7     | 10.1    | 37.6     | 8.8     | 11.2    | 10.5    | 11      |
| GDP Real Growth, Percentage                                 | -6.8    | -7.4    | -6.8     | -4.1    | 28.9    | 9.1     | 8.8     |
| GDP Deflator Change, Percentage                             | 7.9     | 8.6     | 7.3      | 7.9     | 11.6    | 9.4     | 13.4    |
| GDP Per Capita (At Current Prices), €                       | 3 600.1 | 3 753.0 | 13 234.1 | 3 081.3 | 4 161.4 | 4 290.4 | 4 621   |
| GDP Per Capita (At Current Prices), \$                      | 1 160.6 | 1 147.5 | 4 255.7  | 929.7   | 1 250.7 | 1 375   | 1 478.6 |
| GDP at Current Prices, Bn US Dollars                        | 7.5     | 3.8     | 3.4      | 3.5     | 4.7     | 5.1     | 5.5     |
| Share of Agriculture in GDP, Percentage                     | 8.3     |         |          |         |         |         |         |
| Population & Unemployment                                   |         |         |          |         |         |         |         |
|   | I 20    | II 20   | III 20   | IV 20   | I 21    | II 21   | III 21  |
| Economically Active Population (Workforce), Thousand People | 1545.2  | 1515    | 1526.9   | 1505.7  | 1447.2  | 1559.1  | 1592    |
| Employed, Thousand People                                   | 1262.7  | 1237.6  | 1269.11  | 1197.9  | 1129.7  | 1214.6  | 1281.3  |
| Unemployed, Thousand People                                 | 282.6   | 277.4   | 259.8    | 307.8   | 317.5   | 344.6   | 310.8   |
| Unemployment Rate, Percentage                               | 18.3    | 18.3    | 17       | 20.4    | 21.9    | 22.1    | 19.5    |
| Consumer Price Index (Inflation)                            |         |         |          |         |         |         |         |
|   | 2015    | 2016    | 2017     | 2018    | 2019    | 2020    | 2021    |
| Annual Average to the Annual Average                        | 104     | 102.1   | 106      | 102.6   | 104.9   | 105.2   | 109.6   |
| December over Previous Year's December                      | 104.9   | 101.8   | 106.7    | 101.5   | 107     | 102.4   | 113.9   |

In partnership with the Bank of Georgia, Shkhefi plans to export its products

Within the framework of the 4-year partnership between the Bank of Georgia and the company "Shkhefi", the lemonade producer is actively developing. Currently, the company offers customers up to 10 non-alcoholic lemonades, which are sold throughout the country. In the future, within the framework of the partnership, "Shkhefi" plans to add product directions and export them.

"Shkhefi" has been operating on the market for 7 years already. We try to constantly offer news to our customers. With the investment of GEL 80,000 allocated by the Bank of Georgia, we have successfully carried out the rearmament process and received the necessary financing for the building, short-term expenses and working capital within the framework of the partnership. This means for our company that the production cycle has become even more sustainable as we have increased access to the resources needed to purchase raw materials. In the future, we plan to further expand the production line and the types of products offered. Also, to master export markets," said Malkhaz Kharshiladze, the founder of Shkhefi.

For information, in order to promote business, Bank of Georgia offers customers many opportunities tailored to their needs and is a partner in a number of projects. You can learn about the bank's business products and services at the following link: <https://bankofgeorgia.ge/ka/business> Source: Bm.ge

TBC Capital has prepared an updated research on the wine sector

TBC Capital has prepared an updated study on the wine sector. According to the publication, Georgia's dependence on wine exports to Russia has decreased from 90% to 56% compared to 2005, although despite diversification, in 2021 Russia (56%), Ukraine (10%) and other CIS countries (10%) They were the main export markets of Georgian wine.

As for Eastern Europe, its share in exports was also 10% and Georgian wine exports to the region were distributed as follows: Poland - 61%, Baltic countries - 38%. In Western Europe, whose share of total exports does not exceed 3%, the main exporting countries were: Germany (59%), Sweden (11%), France (8%). Leading the CIS countries: Belarus (48%), Kazakhstan (42%), Moldova (3%).

In the first month after the start of the war - in March, compared to March 2021, wine exports from Georgia decreased to Russia - by 44%, in Ukraine - by 100%, and in Western Europe - by 89%.Changes in GDP and currency depreciation have a significant impact on the sale of wine in export markets. During the crisis periods (2009, 2015, 2020), the total import of wine in Russia in liters decreased by 14% -21%, and in dollars by 6% -39%.

It should be noted that during the sharp devaluation of the currency, the total imports expressed in dollars decreased significantly.As for the local consumption of wine, it largely depends on tourism. In 2020, when due to the global pandemic, revenues from tourism in Georgia decreased by 83%, local consumption of wine also decreased by 43%.

According to TBC Capital, compared to 2021, Georgian wine exports will decrease from 20% to 40% in 2022, while imports to Russia will decrease from 30% to 50%, depending on how things develop in Ukraine and what pressure sanctions on the Russian economy will have.

Soure: bm.ge



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