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Georgian Economy - Generating Savings

Georgia | Economy
March 26, 2019

Executive Summary

Georgia's economy delivered solid 4.7% growth in 2018, remaining resilient to negative developments in its largest trading partner, Turkey. This growth was supported by booming tourism and a significant increase in exports and remittances. These flows provided positive spillovers to the major sectors of the economy, along with solid growth in the banking sector's credit portfolio. Meanwhile, the fiscal deficit reduced to 2.5% of GDP and the CA deficit narrowed to 8.0% of GDP in 2018. Importantly, Georgia recorded its first ever current account surplus of 0.3% of GDP in 3Q18 with the CA balance expected to improve further in 2019.

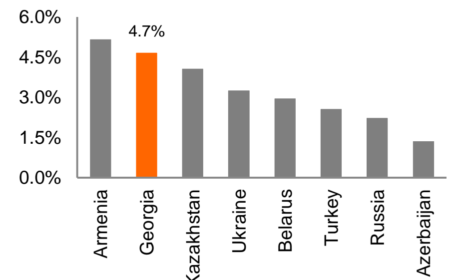
We project GDP growth at 4.5% in 2019, slightly up from 4.3% projected in October 2018, mostly as a result of higher spending on public infrastructure as well as monetary easing. We see risks to growth stemming from domestic factors mostly - possible delays in public infrastructure spending and/or a sharper than projected credit slowdown. Notably, Georgia's macro fundamentals remain strong with its track record of resilience to negative external developments. This was acknowledged by a one-notch rating upgrade from Fitch in February 2019 and positive assessments of Georgia's implementation of its ongoing IMF support program.

Price pressures remain contained with annual inflation at 2.3% in February 2019 and annual average inflation at 2.6% in 2018 overall. There is no inflationary risk in sight as household demand is expected to be subdued due to softer consumer lending and low imported inflation. The NBG cut the policy rate in January and March 2019 to support demand and keep inflation near its target of 3.0%.

The GEL depreciated in early August 2018 and has appreciated again since mid-November 2018, following its seasonal pattern. Despite periods of weakness against the USD in 2018, the GEL's strengthened NEER and REER reflected its gains against the TRY and RUB. This enabled the NBG to purchase nearly US$ 200mn on the FX market in 2018 and US$ 186mn YTD to build up its reserves. With reserve accumulation high on the agenda and new instrument for building reserves activated, we expect the GEL's seasonal pattern to be smoother in 2019 with the average rate against the US$ higher than the equilibrium rate of 2.5.

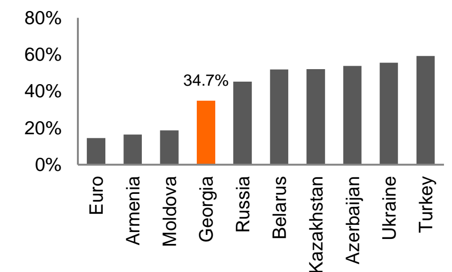
Government reforms in recent years – importantly corporate profit tax reform along with VAT refunds – have improved corporates' financial conditions after suffering GEL depreciation-related losses in 2015-16. The total equity of corporates increased 17.7% y/y to GEL 21.8bn in 2017 – the highest since 2014 – and ROE reached 27.6%. This was also reflected in significant growth of national savings in 2017-18, improving the CA deficit. The newly launched pension fund along with the government's commitment to reducing the fiscal deficit will also help to raise Georgia's level of national savings over the coming years. This in turn will likely reduce Georgia's CA deficit and external debt.

Figure 1: Real GDP growth rates, 2018



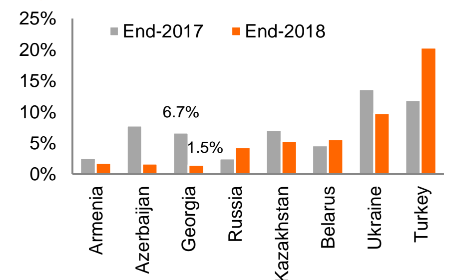
Source: National statistics offices

Figure 2: Currency weakening vs USD



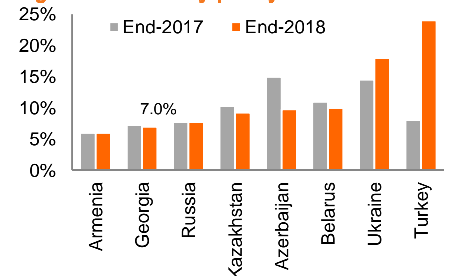
Source: Bloomberg
Note: US$ per unit of national currency, 1 Aug 2014 –31 January 2019

Figure 3: Annual inflation



Source: National statistics offices

Figure 4: Monetary policy rates



Source: Central banks

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Economic development

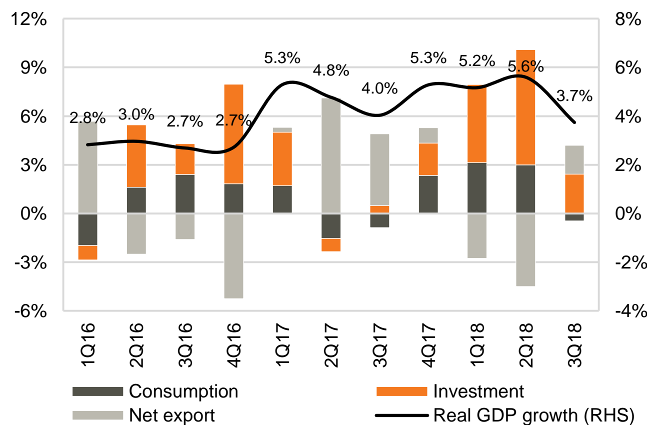
Growth remained strong in 2018 despite volatility in 2H18. The Georgian economy expanded by 5.4% y/y in 1H18, slowing down to 3.7% y/y in 3Q before accelerating at 4.5% y/y in 4Q, according to Geostat. GDP growth was 4.7% for full-year 2018, revised down by 0.1ppts from Geostat's flash estimates. By economic sector, the growth was broad-based - the financial intermediation was the fastest growing sector (+13.5% y/y), followed by other community, social and personal service activities (+13.2% y/y), real estate operations (+12.1% y/y) and hotels and restaurants (+9.7% y/y) sectors. The construction was the only sector in red, reduced by 3.1% y/y. This is explained by delays in public infrastructure spending as well as completion of BP gas pipeline construction. By demand categories, growth in tourism and remittances, accompanied by low inflation, had positive spillover effects into private consumption and profit tax reform along with large VAT refunds supported private investments. Meanwhile, FDI fell to US$ 1.2bn (-34.9% y/y, 7.6% of GDP) in 2018, reflecting completion of BP gas pipeline construction, ownership change from non-residents to residents (Geocell, KazTransGas, etc.) as well as foreign debt repayments.

We revise our 2019 growth projection upwards by 0.2ppts to 4.5%. This reflects higher public spending on infrastructure in 2019 as well as base effect (4.7% growth in 2018 vs. projected 5.0%) and monetary easing. We expect the growth outlook to be mostly shaped by the fiscal stimulus planned for 2019 and huge capex disbursements by the government in December 2018. Public capital spending was significantly delayed in 2018, as technical issues (e.g. delays in tender procedures) hindered implementation despite funding being available. As most of the technical issues have now been resolved, capex implementation and the monetary easing are expected to have a multiplier effect on private investments.

From the external sector, the economy is likely to benefit from faster growth in Azerbaijan and Armenia, where export growth has been stronger than expected in recent months. Tourism and remittances are also expected to grow from the EU and Georgia's other neighbors. We also expect bank lending to grow by 12-14% y/y in 2019 despite the NBG's tighter regulations on retail lending.

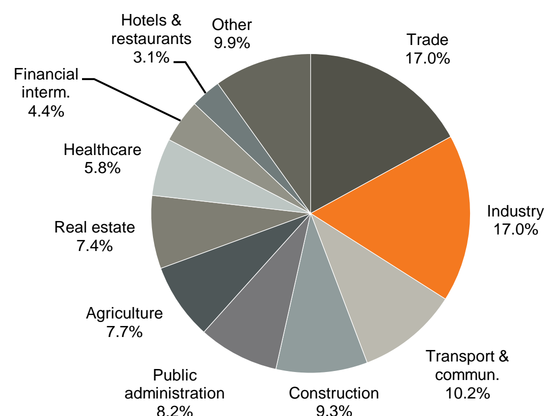
Our real GDP growth projection is in line with the consensus forecasts; only the NBG has a higher projection for 2019 at 5.0% growth. Despite weaknesses in Georgia's major trading partners (Turkey, Russia), we see risks to growth stemming from domestic factors mostly – possible delays in public infrastructure spending and/or a sharper than projected credit slowdown. Meanwhile, we also see policy makers' readiness to prevent a possible disruptive credit deceleration after assessments done based on 1Q19 data.

Figure 5: Contributions to real GDP growth, %



Source: Geostat, Galt & Taggart Research

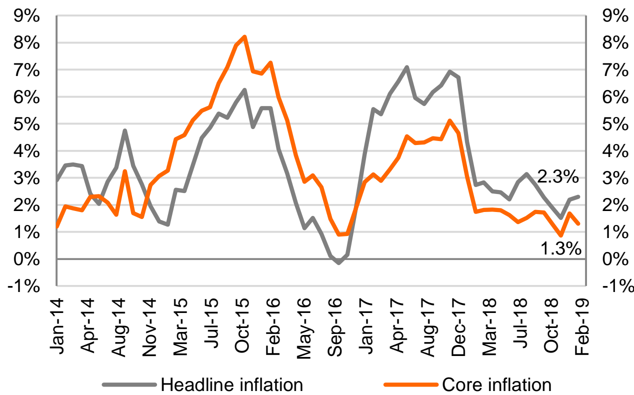
Figure 6: GDP structure by sector, 2018



Source: Geostat

We project annual average inflation at 3.1% in 2019, slightly up from 2.6% in 2018. Inflationary pressures are expected to be weak in 2019 due to softer demand. The slowdown in consumption will mainly reflect the slowdown in retail lending as well as increased saving for pension fund. Annual inflation slightly increased in Jan-Feb 2019 to an average of 2.2% after 1.5% price growth in December 2018. This growth in the price level mostly reflects one-offs such as the increase in the excise tax on tobacco and the price of bread rising. Meanwhile, softer demand and lower imported inflation have kept price growth in transport, home appliances, and clothing contained. The NBG responded by cutting its refinancing rate twice this year by a total 0.50bp to 6.50% in January and March 2019. We expect the NBG to consider further monetary easing based on inflation and growth dynamics. By the NBG's current forecasts, the monetary policy rate is expected to reach 5.5% - 6.0% by 2021, which the regulator sees is neutral (neither boosting nor limiting demand).

Figure 7: Annual inflation



Source: Geostat

Figure 8: USD/GEL exchange rate

Source: NBG

NBG building reserves, limiting GEL appreciation versus US$, while GEL remains strong versus basket of major trading partner currencies. The GEL followed its seasonal trend in 2018, although was slightly affected by the collapse of the TRY at the beginning of August. Substantial FX inflows and an improved CA balance limited the currency's excessive volatility, enabling the NBG to purchase nearly US$ 200mn over April-December 2018. Delays in fiscal spending have also limited pressure on the currency (import-intensive public capex disbursement in December 2018 had no pressure as it was in the form of advance payments).

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BOX 1: Assessing reserves adequacy – IMF's ARA metric

Georgia's ongoing program with IMF targets to build up reserves to reach 96% of the ARA metric by end-2019, from 92% as of end-2018.

IMF's ARA metric for reserves adequacy comprises 4 components reflecting potential drains on the balance of payments: 1) **export income** to reflect the potential loss from a drop in external demand or a terms of trade shock; 2) **broad money** to capture potential residents' capital flight through the liquidation of their highly liquid domestic assets; 3) **short-term debt** to reflect debt rollover risks; and, 4) **other liabilities** to reflect other portfolio outflows.

The weights proposed for the individual components, are as follows:

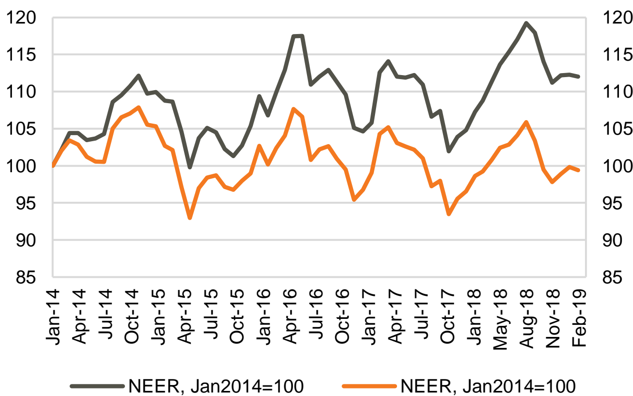
Weights in ARA metric	Exports	Broad Money	Short-term Debt	Other Liabilities
Floating exchange rate	5%	5%	30%	15%

Source: IMF

Reserves in the range of 100%-150% of the ARA metric are considered broadly adequate for precautionary purposes. The selection of a range - rather than of a point estimate for the adequacy level - reflects the intention to be cautious in view of the uncertainty inherent in the estimation of various balance of payments risks.

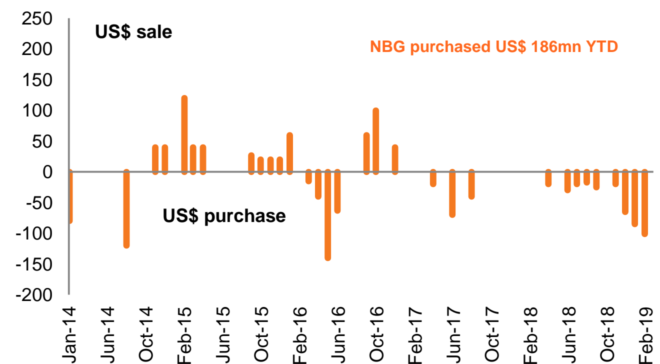
Unlike the US$, the GEL appreciated substantially against the TRY, RUB, EUR and other currencies, resulting in the GEL's NEER and REER appreciating since August-2018. The GEL's recent weakness (1.5% depreciation in Feb-19) mostly reflects the NBG's FX purchases through traditional FX auctions to the tune of US$ 135mn in Jan-Feb 2019, as well as through new instruments such as FX put options totaling US$ 51.3mn. We expect the NBG to continue building reserves this year to comply with the IMF program benchmarks on reserve adequacy (96% of the ARA metric by end-2019). Taking this into consideration, we forecast an average exchange rate for the GEL against the US$ close to 2.6 for 2019 compared to 2.53 in 2018.

Figure 9: NEER/REER, January 2014 = 100



Source: NBG
Note: Index growth means GEL's appreciation and decline means GEL's depreciation

Figure 10: NBG's net interventions, US$ mn



Source: NBG

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BOX 2: NBG's new instrument – FX put options

From 31 January 2019, the NBG introduced a new instrument – FX put options – with an aim of accumulating international reserves.

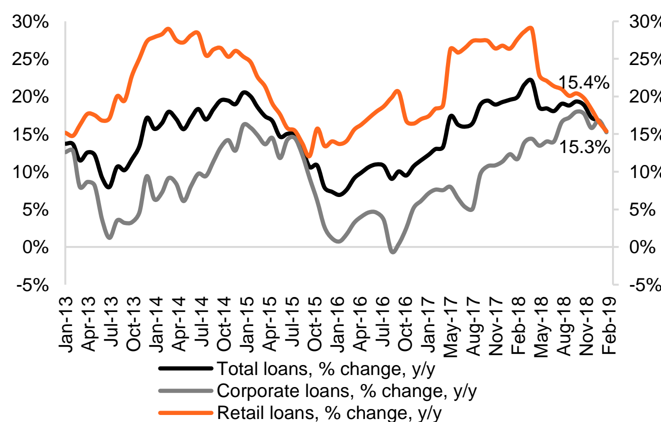
The NBG's monthly options give the owners the right (but not obligation) to purchase GEL in exchange for USD or EUR and bind the NBG with the liability to sell GEL to the option holders upon their execution. The holder is only able to use an option when the GEL exchange rate is stronger than the previous 20-day average against the USD or EUR. This restriction prevents reserves being filled amid short-term exchange rate volatility and ensures reserves only filled automatically when the GEL exchange rate is on an appreciation trend. The strike price of the auction is the official exchange rate on the day the option is exercised.

The NBG has published FX options calendar and volumes for 2019 on its website but has the right to increase or decrease the volume of FX options depending on the FX liquidity conditions. FX auction execution are also available on the NBG's website on a monthly basis starting from 25 March 2019.

Banking sector remains resilient and profitable, with ROE at 25% in 2018. Despite high credit growth, NPLs at 3.0% are one of the lowest worldwide.

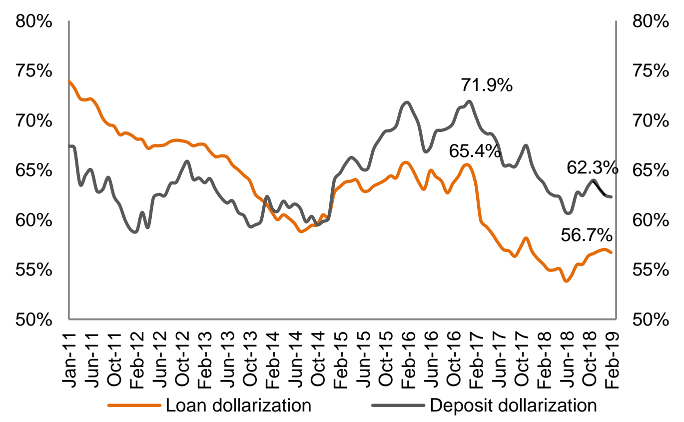
We expect corporate lending to drive credit growth in 2019. The banking sector credit portfolio increased by 17.2% y/y in 2018 excluding FX effects (in nominal terms, growth was 19.3% y/y). This growth was almost equally driven by corporate and retail lending as the latter slowed from May 2018, reflecting limits on loans to households with no verifiable income. Credit portfolio growth slowed to 15.3% y/y excluding FX effect in February 2019 (growth was 20.8% y/y in nominal terms), partly reflecting NBG's new regulations on retail lending (loan-to-value and payments-to-income ratios, GEL 200,000 floor for FX loans). Contrary to retail, corporate lending has accelerated since mid-2018 with 16.7% y/y growth in January 2019 before slight slowdown to 15.3% y/y growth in February 2019 (excl. FX effects). We expect corporate loanbook growth to outpace retail credit growth this year and project the credit portfolio to grow by 12-14% y/y (excl. FX effects) in 2019. We also expect NBG to soften its retail lending standards if impact on economy from credit slowdown will be greater than projected by NBG.

Figure 11: Corporate and retail loan growth (excl. FX effect)



Source: NBG

Figure 12: Dollarization of loans and deposits



Source: NBG

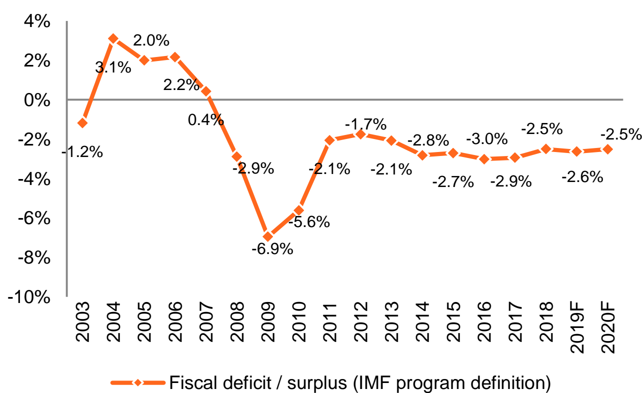
Dollarization expected to decline, improving resilience of banking sector. Loan dollarization was on a downwards trajectory until August 2018, and has increased slightly thereafter, mostly due to attractive interest rates on mortgage loans issued in EUR. In February 2019, loan dollarization stood at 56.7%, up 1.2ppts y/y. However, with the GEL 200,000 threshold on local currency loans from 2019 (increased from GEL 100,000 introduced in 2017), we expect loan dollarization to decline to 55% this year.

Unlike loans, deposit dollarization continued to decline throughout 2018 and stood at 62.3% in February 2019, down 1.4ppts y/y. This likely reflects improved consumer sentiment toward national currency and attractive yields in GEL versus FX.

Fiscal deficit reduced to 2.5% of GDP in 2018 and slated at 2.6% in 2019. In 2018, budget revenues over-performed (e.g. tax revenues were GEL 250mn above budgeted) while spending lagged behind the budgeted figures. The fiscal balance was in surplus in 11M18 and deficit creation was entirely related to huge capex disbursements (40% of total capex) in December 2018 only. This spending did not put pressure on inflation and FX as it took the form of advanced payments and will feed growth this year, mostly from 2Q19. Importantly, the government refunded VAT arrears totaling GEL 520mn and we project VAT refunds to reach GEL 400-500mn this year, supporting corporates.

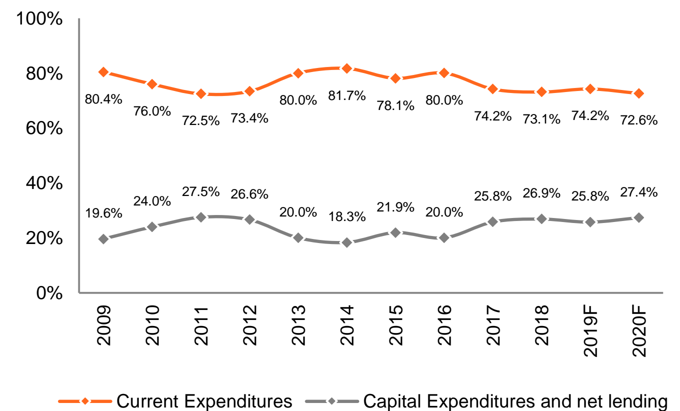
2019 budget targets higher capital expenditure. Current expenditure is planned to increase by 3% y/y in real terms to 23% of GDP. Meanwhile, capex is planned at 8% of GDP, up 7% y/y in real terms. Tax revenues estimated at 25.1% of GDP (-0.2ppts y/y) in 2019.

Figure 13: Fiscal deficit



Source: MOF
Note: Deficit calculated as net lending / borrowing minus budget lending

Figure 14: Expenditures: current vs. capital



Source: MOF

External linkages

Georgia's exposure to its partner countries through exports, remittances, tourism revenues and FDI remains quite diversified. It is worth noting that no single country accounts for more than 15-20% in total of each category of external inflows (excluding Russia's 29% share in remittances), minimizing potential negative impacts from turbulence in any particular market. This was illustrated in 2H18 when the significant decrease of exports, tourists, FDI and remittances from Turkey after the collapse of the TRY had a minimal effect on the Georgian economy. Importantly, the EU accounts for one third of overall earnings. Moreover, the composition of these flows in terms of their country of origin and significance are changing year-over-year, in 2018:

- The EU became the largest source of remittances, replacing Russia (35% vs. 29% share in total);
- The EU remains Georgia's largest FDI provider;
- Azerbaijan became the top export market again, accounting for 15% of the total and replacing Russia (13%);
- Russia became Georgia's largest source of tourism revenues, replacing Turkey.

Measures under the EU-Georgia DCFTA, a growing number of free trade deals and government policies expected to further diversify the country's economic linkages.

Georgia well absorbed negative impact from Turkey in 2018 as dependence on this country is limited. Total earnings from Turkey through exports, remittances, tourism and FDI accounted for 4.6% of GDP in 2018. Tourism remains Georgia's largest exposure to Turkey (2.6% of GDP), followed by exports (1.4% of GDP) and remittances (0.7% of GDP). There was negative FDI from Turkey in 2018 as inflows were not sufficient to overweigh Turkish company purchase by Georgian investor. Despite TRY depreciation, imports from Turkey increased by just 7.1% y/y in 2018, while imports from other countries increased 16.5% y/y, mainly from Russia and China.

External flows in 2018	Turkey			Other countries	
	US$ mn	% change y/y	Share in total, %	US$ mn	% change y/y
Exports	232.7	7.4%	6.9%	3,122.2	24.0%
Tourism	421.8	9.1%	13.2%	2,780.7	20.0%
Remittances	105.6	-3.4%	6.7%	1,474.9	15.8%
FDI	-11.3	N/A	-0.9%	1,243.7	-22.6%
Imports	1,471.9	7.1%	16.1%	7,646.6	16.5%
Trade deficit	1,239.2	7.1%	21.5%	4,524.4	11.8%

Source: GeoStat, NBG, GNTA, Galt & Taggart Research
Note: Negative FDI from Turkey reflects purchase of Turkish company Geocell by resident Georgian company Silknet

BOX 3: Fitch upgrades Georgia to BB from BB- with stable outlook

In February 2019, Fitch upgraded Georgia's sovereign credit rating by one notch, leaving the country just two notch away from investment grade now. Moody's upgraded Georgia's credit rating to this level in 2017 and now everyone expects S&P to do the same soon.

The rating upgrade from Fitch reflects Georgia's track record of resilience to negative developments in its main trading partners as well as its sound and strengthening policy framework, as reflected by the NBG meeting its inflation target, prudent fiscal policy and compliance with the IMF program.

Georgia sovereign credit ratings

FitchRatings	Moody's Investors Service	Standard & Poor's
BB	**Ba2**	**BB-**
Stable	Stable	Stable
Upgraded	Affirmed	Affirmed
Feb-2019	Sep-2018	May-2018

Source: Rating agencies

Georgia's governance and business environment indicators are well above the current medians of BB category peers, with Georgia ranking 6th out of 190 in the 2019 World Bank Ease of Doing Business index. Importantly, Fitch expects Georgia's current account deficit to narrow further. Georgia's sound and profitable banking sector is another positive factor in its rating.

According to Fitch, the main factors that could trigger rating improvements, individually or collectively, are:

- A significant reduction in external vulnerability, stemming from decreasing external indebtedness and increasing external buffers;
- Further fiscal consolidation leading to a decline in government debt indicators;
- Stronger GDP growth prospects, leading to higher GDP per capita, consistent with preserving macro stability.

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The developments in the economy provide positive indications that Georgia can achieve above mentioned milestones in the medium term. Below, we present our estimates regarding the country's current account deficit and Georgian corporates' growth potential, which are key to reducing its external vulnerability and achieving a higher level of GDP per capita.

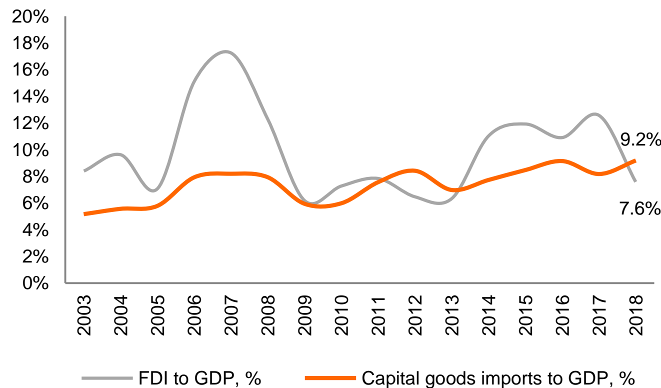
Georgia's narrowing CA deficit

Georgia's CA deficit at an average 12.6% of GDP over 2007-17 is driven by FDI and long-term capital inflows. This is contrary to the classic case of emerging-market current account deficits where the deficit is driven by an externally financed consumption boom. Therefore, in Georgia's case, the deficit is neither a threat to the health of the economy nor a precursor of a currency crash, as it has proven to be in many other emerging markets.

Georgia's booming tourism industry is a good example of how deficit creation in the past (imports to develop hotels, tourism infrastructure, etc.) can lead to a surplus in the future. FDI in the tourism industry has likely contributed significantly to the capacity expansion that enabled Georgia to host the increasing number of tourists. Tourism generated US$ 3.2bn revenues and visitors reached 4.8mn in 2018 – exceeding the country's local population of 3.7mn.

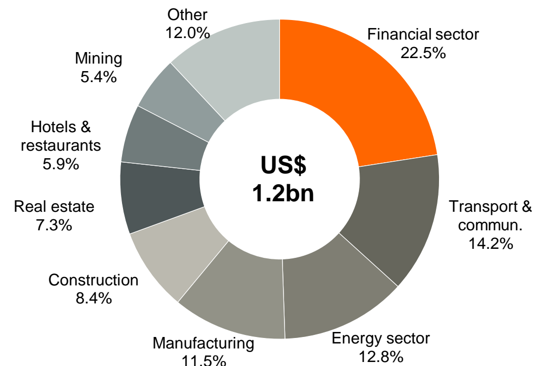
CA deficit is natural for Georgia as economy has more investment opportunities than it can afford due to low levels of domestic savings. Georgia's large CA deficit over years mostly reflects a low level of national savings and a high rate of investments (as one of the ways to measure the CA balance is the difference between national savings and investments).

Figure 15: FDI and capital goods import



Source: Geostat

Figure 16: FDI by sectors, 2018

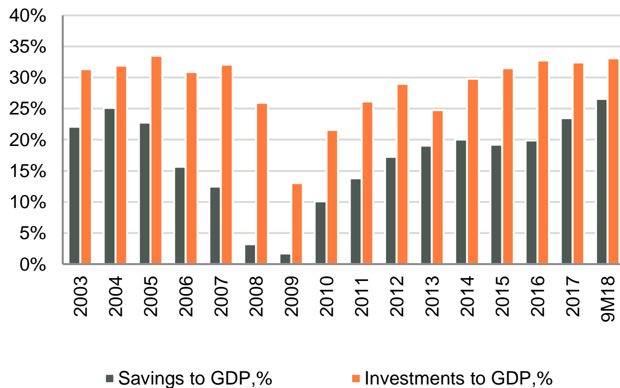


Source: Geostat

Thanks to government policies, national savings increased significantly in 2017-18 improving the CA deficit. Over past decade, national savings were below 15-20% of GDP in Georgia as a result of elevated budget deficits and low private earnings. After periods of volatility savings increased to 23.5% of GDP in 2017 and surged further in 9M18 to 26.6% of GDP, up 3.7ppts y/y. This reflects savings growth in both the public as well as the private sector. The former is related to a decrease in current spending, while the latter has been fostered through reforming corporate income tax since 2017 (taxing only distributed profits) and VAT refunds. Notably, faster growth in savings compared to investments can be related to the considerably improved CA deficit in 2017-18 (8.8%/8.0% of GDP in 2017/2018E).

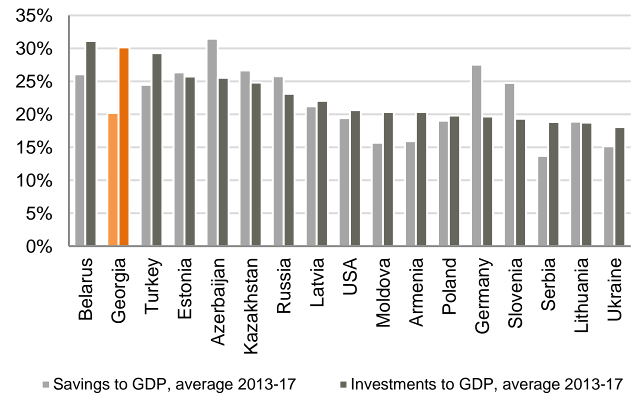
Investment has remained high, averaging c.30% of GDP, despite low levels of savings over 2007-17. The growth in investment over the past decade was supported by banking sector as well as positive spillovers from public capex growth and improved business environment. Corporate income tax reform has also helped to increase investments by local as well as foreign companies since 2017.

Figure 17: Savings and investments in Georgia



Source: Geostat

Figure 18: Savings and investments, country comparison



Source: IMF

Pension reform to further increase private savings. We forecast accumulation of c.GEL 3.4bn (4.3% of GDP) in newly launched national pension fund by 2025. The government's commitment to fiscal consolidation (current spending at 20% of GDP by 2022 from current 23% of GDP, according to the 2019 budget) will also help to raise the level of national savings over the coming years. This in turn would reduce the savings-investment gap - the CA deficit.

How quickly can Georgia close its CA deficit?

Georgia just needs to improve its growth model. Georgia has all necessary institutional arrangements largely in place and a favorable business environment. However, the country needs to fully unlock its growth potential and continue further adjustments to become transit, energy and financial hub of the region. Attracting FDI to tradable sectors for generating export-driven growth is also essential to reap the benefits from its active free-trade agreements with 2.8bn customers worldwide.

With 5-6% growth potential and related increase in national savings over the next 5 years, we expect the CA deficit to be reduced to 5% of GDP by 2025 and to swing into surplus by 2030. We do not rule out the CA balance improving even faster if Georgia can replicate the success that it has achieved in the tourism industry (which took 10 years) and leverage its export potential in agribusiness (e.g. hazelnuts, almonds, strawberries, honey, mushrooms and bio niche products, etc.), manufacturing (clothing, footwear, furniture, assembly lines serving different needs including auto parts), IT, design and other services like education and healthcare, as well as other sectors.

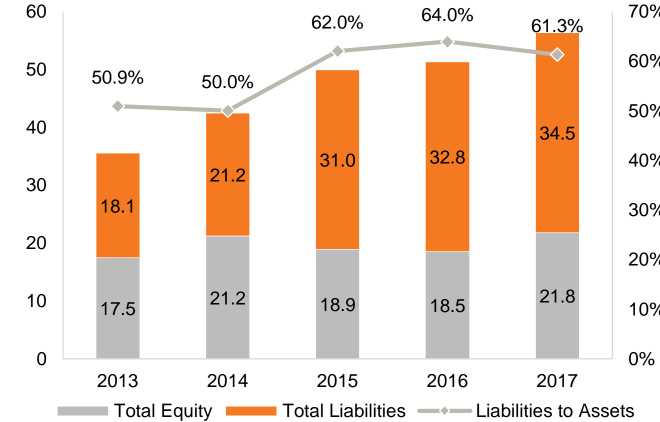
Georgia's dynamic private sector

Private sector is seen as main growth driver in Georgia. Government reforms of recent years, importantly corporate profit tax reform, created solid base for corporate sector healthy growth. The corporates drove the growth in 2018 and their contribution in economic activity expected to accelerate on the back of productivity improvements.

Georgian corporates financial position improved since 2017, thanks to corporate income tax reform. Total equity of corporates (excluding financial sector) increased 17.7% y/y to GEL 21.8bn in 2017, first time since 2014. This was a result of corporate income tax reform encouraging companies to re-invest, evidenced by 19.7% y/y growth

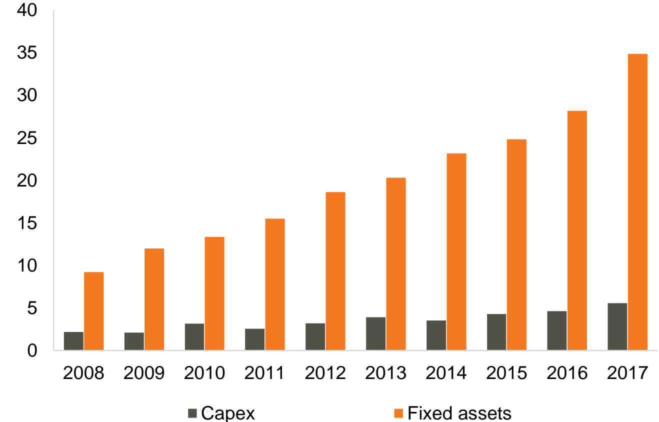
to GEL 5.6bn in capex. Total assets of corporates reached GEL 56.3bn in 2017 up 9.7% y/y. Growth in equity improved liabilities to assets ratio to 61.3% in 2017 from 64.0% in 2016.

Figure 19: Corporates liabilities and equity, GEL bn



Source: *Geostat*

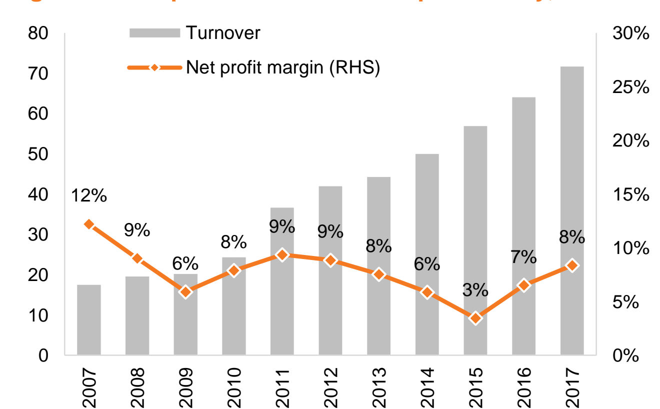
Figure 20: Corporates fixed assets and capex, GEL bn



Source: *Geostat*

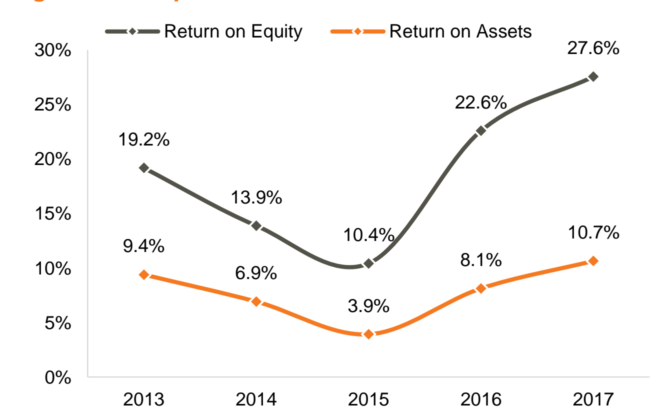
Georgian corporates profitability is high - ROE reached 27.6% in 2017. GEL's significant depreciation in 2014-15 weighed on corporates profitability, largely explained by FX losses. However, corporates profitability rebounded since 2016 and surpassed pre-depreciation levels. The net profit margin increased from 3% in 2015 to 8% in 2017 (trade, industry and construction sectors driving the growth).

Figure 21: Corporates turnover and profitability, GEL bn



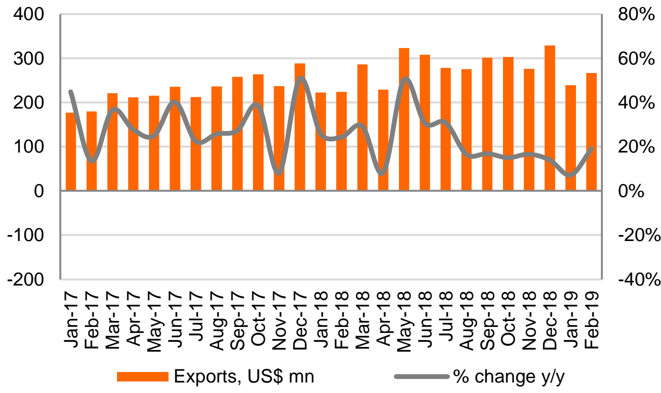
Source: *Geostat*

Figure 22: Corporates ROE & ROA



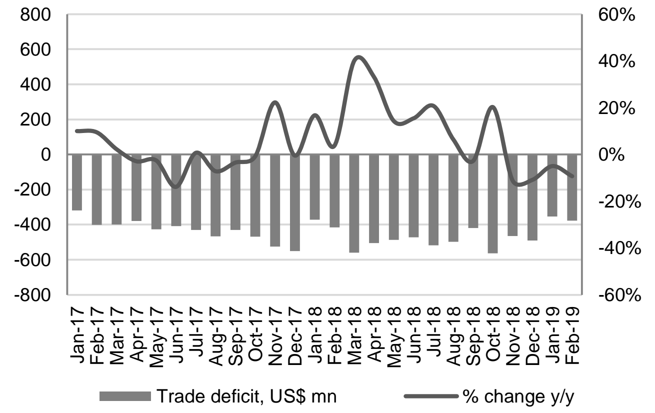
Source: *Geostat*

Figure 23: Exports



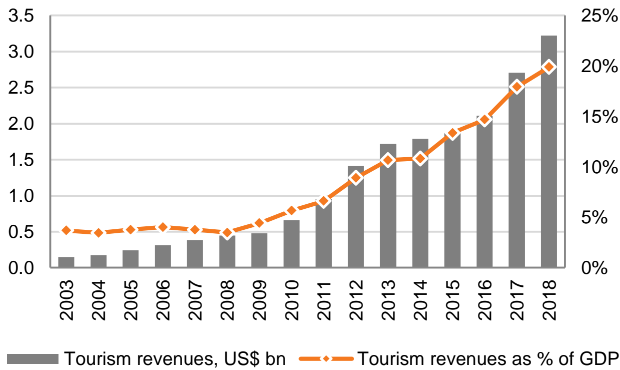
Source: Geostat

Figure 24: Trade deficit



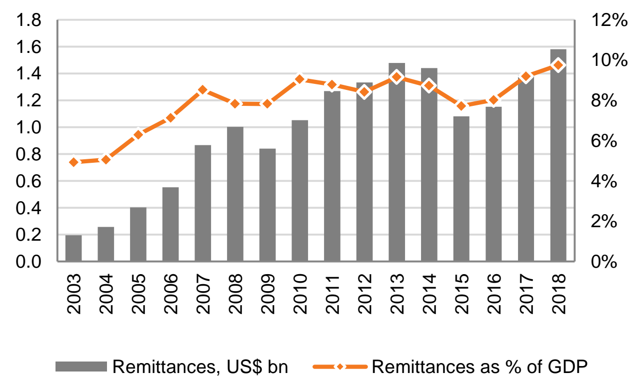
Source: Geostat

Figure 25: Tourism inflows



Source: Geostat , NBG

Figure 26: Money transfers



Source: Geostat , NBG

Macro Data and Forecasts

Georgia	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019F
GDP and Prices															
Nominal GDP, GEL bn	11.6	13.8	17.0	19.1	18.0	20.7	24.3	26.2	26.8	29.2	31.8	34.0	38.0	41.1	44.7
Nominal GDP, US$ bn	6.4	7.8	10.2	12.8	10.8	11.6	14.4	15.8	16.1	16.5	14.0	14.4	15.1	16.2	17.2
Nominal GDP per capita, US$	1,643	2,008	2,635	3,326	2,823	3,073	3,844	4,250	4,341	4,438	3,755	3,857	4,047	4,346	4,620
Real GDP, % change y/y	9.6%	9.4%	12.6%	2.4%	-3.7%	6.2%	7.2%	6.4%	3.4%	4.6%	2.9%	2.8%	4.8%	4.7%	4.5%
CPI Inflation, average	8.2%	9.2%	9.2%	10.0%	1.7%	7.1%	8.5%	-0.9%	-0.5%	3.1%	4.0%	2.1%	6.0%	2.6%	3.1%
CPI Inflation, eop	6.2%	8.8%	11.0%	5.5%	3.0%	11.2%	2.0%	-1.4%	2.4%	2.0%	4.9%	1.8%	6.7%	1.5%	3.6%
GEL per US$, average	1.81	1.78	1.67	1.49	1.67	1.78	1.69	1.65	1.66	1.77	2.27	2.37	2.51	2.53	2.59
Population, mn	4.2	4.2	4.1	4.1	4.0	3.9	3.9	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7
Government Finances															
Budget revenues, % of GDP	24.2%	26.8%	29.3%	30.7%	29.3%	28.3%	28.2%	28.9%	27.7%	27.9%	28.2%	28.4%	28.9%	28.3%	28.2%
Budget expenses, % of GDP	25.8%	28.6%	33.7%	36.4%	38.3%	34.0%	30.7%	30.6%	29.4%	30.3%	30.5%	31.0%	30.4%	29.7%	30.7%
Budget balance, % of GDP	2.2%	3.4%	0.8%	-2.0%	-7.8%	-4.6%	-1.0%	-0.6%	-1.2%	-2.1%	-1.2%	-1.5%	-0.9%	-0.9%	-2.2%
Public debt, % of GDP	40.0%	32.0%	25.5%	31.2%	41.1%	42.4%	36.5%	34.8%	34.7%	35.7%	41.4%	44.4%	44.8%	45.0%	42.8%
External Sector															
Current account, US$ bn	-0.7	-1.2	-2.0	-2.8	-1.1	-1.2	-1.8	-1.9	-1.0	-1.8	-1.8	-1.9	-1.3	-1.3	-1.3
Current account, % of GDP	-11.1%	-15.2%	-19.8%	-22.0%	-10.6%	-10.3%	-12.8%	-11.9%	-5.9%	-10.8%	-12.6%	-13.1%	-8.8%	-8.0%	-7.8%
Exports of goods and services, US$ bn	2.2	2.6	3.2	3.7	3.2	4.1	5.3	6.0	7.2	7.1	6.2	6.2	7.6	9.1	10.4
Imports of goods and services, US$ bn	3.3	4.4	5.9	7.5	5.3	6.1	8.0	9.2	9.3	10.1	8.7	8.5	9.4	10.9	12.3
Net Current transfers, US$ bn	0.4	0.5	0.7	1.1	1.0	1.1	1.3	1.4	1.5	1.4	1.1	1.1	1.3	1.4	1.5
Net FDI, US$ bn	0.5	1.2	1.7	1.4	0.7	0.7	1.0	0.7	0.9	1.4	1.3	1.2	1.6	1.1	1.4
Net FDI, % of GDP	8.5%	15.3%	16.5%	11.1%	6.3%	6.1%	6.8%	4.6%	5.6%	8.5%	9.6%	8.1%	10.7%	6.8%	8.1%
Gross international reserves, US$ bn	0.5	0.9	1.4	1.5	2.1	2.3	2.8	2.9	2.8	2.7	2.5	2.8	3.0	3.3	3.6
Financial sector															
Bank loan portfolio, US$ bn	0.9	1.5	2.8	3.5	3.0	3.4	4.5	5.1	6.0	6.8	6.7	7.1	8.6	9.9	10.9
Bank loan portfolio, % of GDP	14.6%	19.2%	26.6%	30.6%	28.0%	29.3%	30.9%	32.4%	38.5%	43.6%	50.4%	55.6%	58.9%	64.7%	67.0%
Monetary policy rate, %	..	..	..	8.00%	5.00%	7.50%	6.75%	5.25%	3.75%	4.00%	8.00%	6.50%	7.25%	7.00%	6.50%

Source: NBG, MOF, Geostat, Galt & Taggart Research
Note: Government budget balance according to IMF's GFS 2001

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