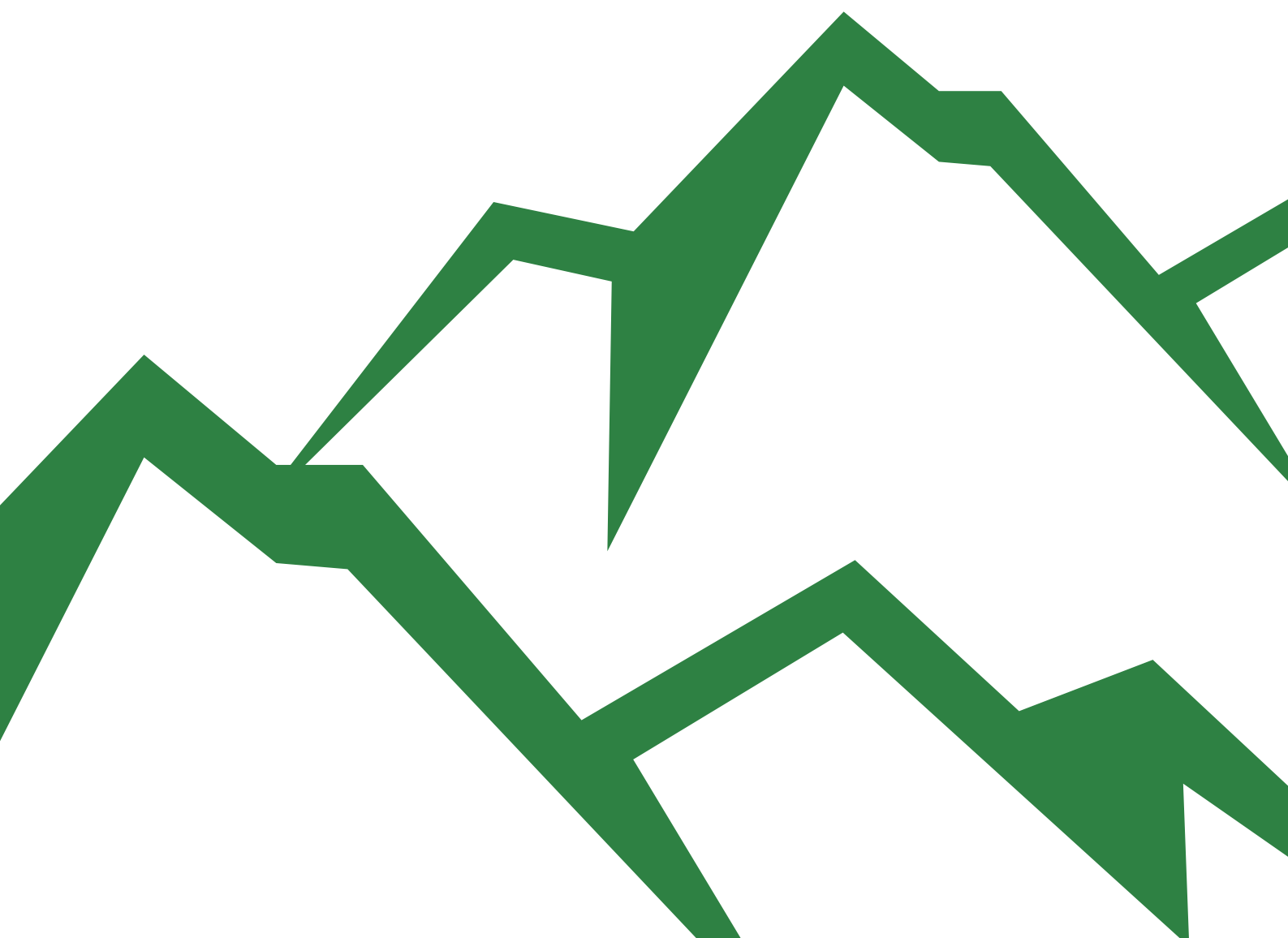
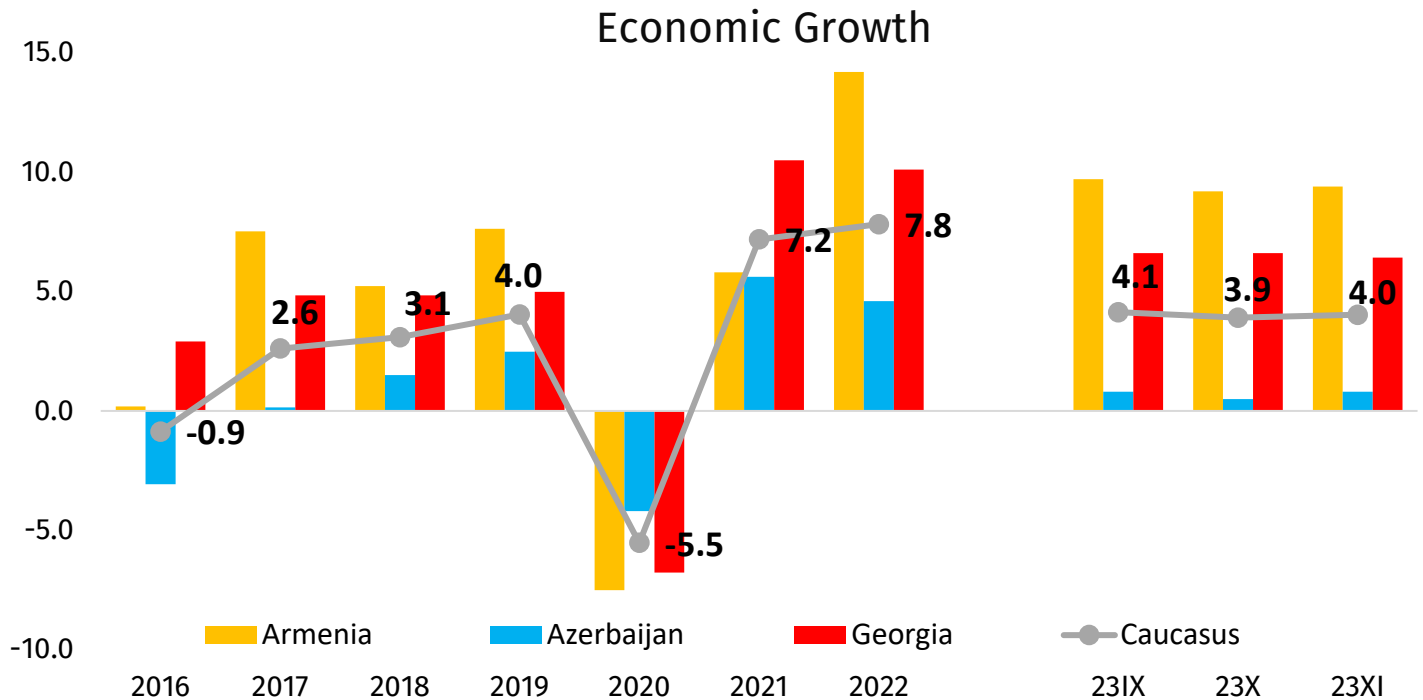




# **Monthly Review of the Caucasus Economy January 2024**





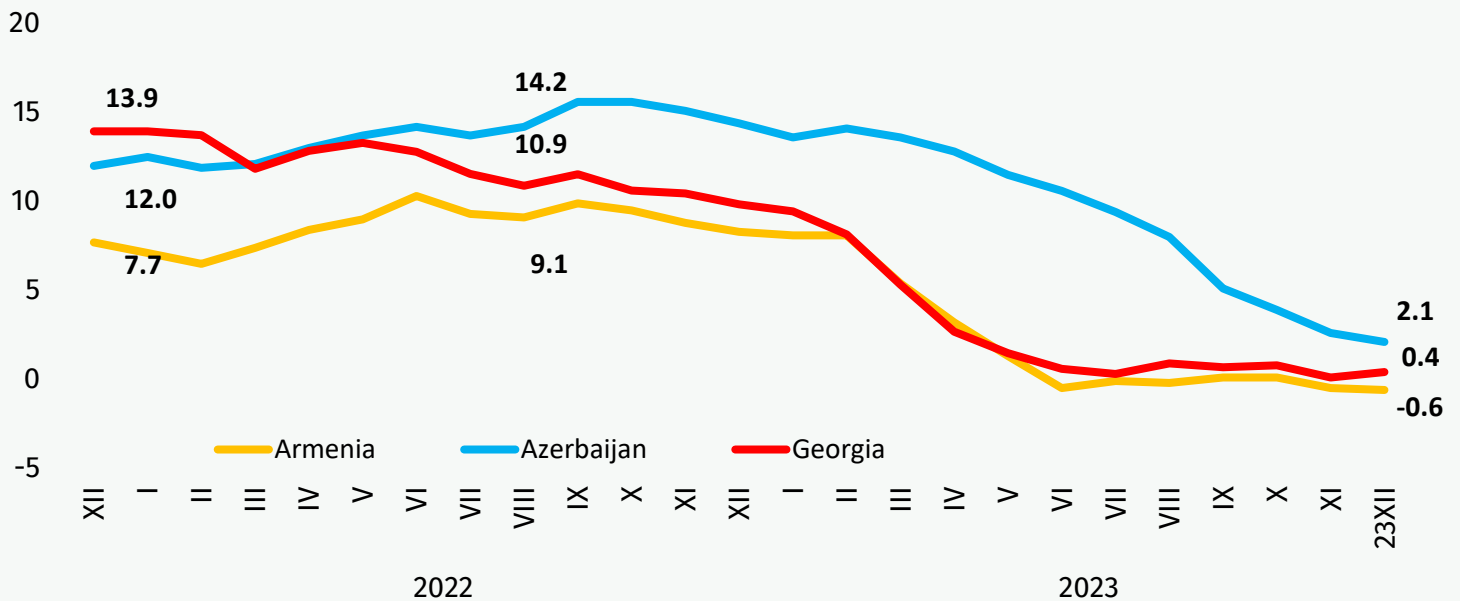
As of the first eleven months of 2023, the economic growth in the Caucasus is 4%. In 2022, the growth rate reached 7.8%. The decrease in the economic expansion rate is associated with a decrease in human and financial capital flow from Russia and lower oil prices compared to the previous year.

✚ In the first eleven months of last year, the Georgian economy grew by 6.4%, while November's growth rate was 5.9%. Financial, trade, professional activities and construction sectors significantly contributed to the growth. A downward trend was observed in the manufacturing, energy and transport sectors.

🇦🇲 Armenia has the highest growth rate in the Caucasus region. In the first eleven months of last year, Armenia's economy grew by 9.4%. In November, compared to the same month of the previous year, the economy expanded by 11.2%. The trade sector has an essential role in the growth, which increased by 24.3% during this period, and the construction sector - by 15.6%.

🇦🇿 In the region, the lowest growth rate was recorded in Azerbaijan. In the first eleven months of 2023, the Azerbaijan grew by 0.8%. 37.8% of the Azerbaijan economy is the oil and gas industry, the price of which has lowered compared to the same period of 2022. Excluding the oil and gas industry, the growth rate was 3.2%.

## Inflation and Monetary Policy



**The inflation repeats the trends of economic growth in the Caucasus region. The best situation is in Armenia, and the worst indicator is in Azerbaijan.**

✚ Inflation in Georgia last year, compared to the previous year, has decreased. In December, the consumer prices annual growth amounted to 0.4%. Transport service prices, which increased by 5.1%, contributed significantly to December inflation, whereas prices fell in several sectors, the prices in a healthcare decreased by 3.8%. Against this background, the refinancing rate declined at 9.5% by the Central Bank's last decision.

🇦🇲 Armenia has the lowest inflation in the region. In December of last year, the consumer prices annual decline was 0.6%. The highest, 8.4% increase was recorded in the alcohol and tobacco group and a 4.8% decrease in food prices. This latter is the primary part of consumer prices. The Central Bank of Armenia also started easing monetary policy last year. According to the last decision, the refinancing rate was reduced to 9.25%.

🇦🇿 Despite the decrease, inflation in Azerbaijan remains at a relatively high level. In December, the consumer prices annual growth amounted to 2.1%, compared to 2.6% in November. In previous periods, Azerbaijan was also distinguished by relatively high inflation in the region. Nevertheless, the Central Bank of Azerbaijan refrained from tightening the policy. Moreover, the policy rate was reduced to 8% at the end of December.