



Issue # 23 / November 2014

Georgia's Macroeconomy at a Glance: Growth Slowed in September on Weak Domestic, External Demand Conditions

The Georgian economy's growth rate appeared to slow down in September. According to Gaostat's rapid estimates forecast, real growth of GDP decreased to 4.1%. This estimate is the lowest this year since April, when the growth rate fell to 2.7%.

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PROJECT UPDATES:

Leading GDP Indicators: The Forecast for the Second Half of the Year has Improved, but Annual Growth is Expected to Remain Low

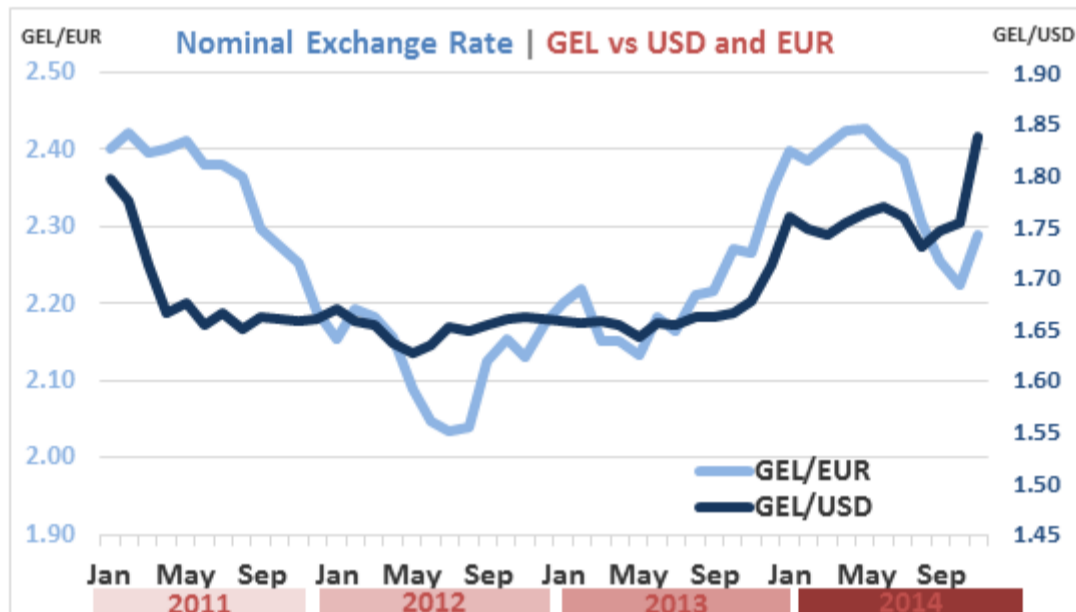
Business Confidence Index: BCI Declines on Large Companies' Worries. SME Confidence Grows.

Consumer Confidence Index: Political and Economic Instability Decreases Georgian Consumer Confidence

Real Estate Price Index: Average Rental, Sale Prices Decline in October, Driven by Supply and Quality Changes

Khachapuri index: Georgia is Becoming a Cheaper Country, Particularly for Foreigners

The average cost of cooking one standard Imeretian Khachapuri in November 2014 was 3.34 GEL, which is 0.2% lower month-on-month (m/m, that is compared to the previous month), and 2.4% lower year-on-year (y/y, that is compared to the same month of last year). However, Khachapuri became even cheaper for foreign currency earners because of a sudden GEL depreciation (m/m and y/y) relative to USD and EUR during the last two weeks of November.



By the end of November, the GEL/USD exchange rate reached 1.83, which is 0.09 points higher m/m and 0.16 points higher y/y. Through this "double effect" (a seasonal decrease in Kh-Index and devaluation of the local currency), the Khachapuri price expressed in USD lost 4.7% m/m and 10.8% y/y.

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HIGHLIGHTS:



ISET Signs Memorandum of Cooperation with the Ministry of Agriculture of Georgia

On November 26, a Memorandum of Cooperation was agreed between the ISET Policy Institute and the Ministry of Agriculture of Georgia. The document was signed by Eric Livny, the Director of the ISET Policy Institute and Otari Danelia, the Minister of Agriculture. The Memorandum aims to develop a market price collection system of agricultural products at the Ministry of Agriculture.

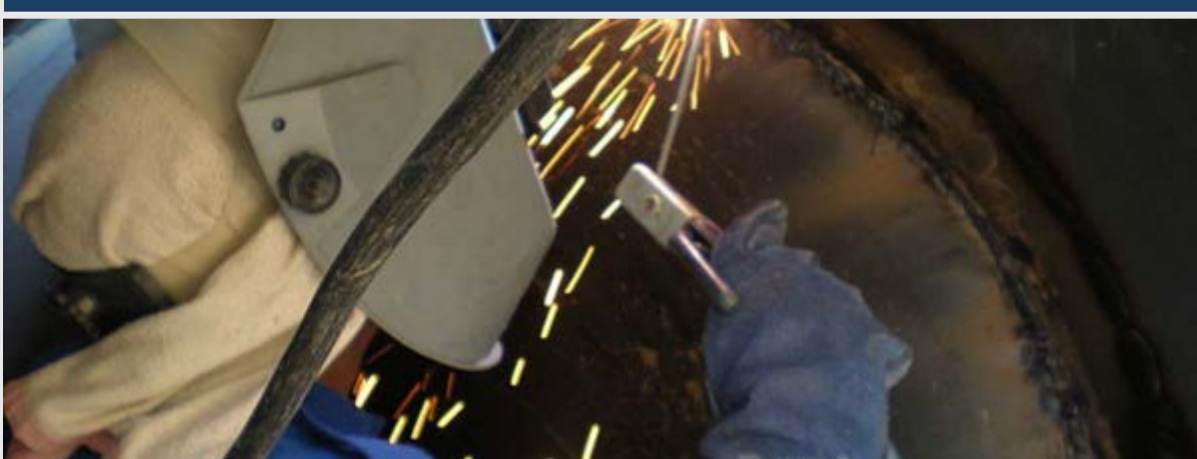
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World Bank Representatives Visit ISET

On November 6, Vice President for Europe and Central Asia (ECA) Laura Tuck, Regional Director for the South Caucasus Henry Kerali, Program Leader for the South Caucasus Rashmi Shankar and other representatives of the World Bank Tbilisi Office visited ISET. The goal of the meeting was to discuss opportunities and challenges for job creation in Georgia with ISET faculty and Policy Institute.

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FROM THE BLOG:



Career Guidance for Unemployed Georgians

"If people do not know what they should learn to be economically successful, the most straightforward approach would be to just tell them. Those who are already on the job market but do not find employment may be an obvious group to start with..."

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Kakha Bendukidze. End of an Epoch?

"The post-communist world lost one of its greatest sons this month – a freedom fighter who devoted his life to the daunting task of cleansing Eastern Europe and Eurasia from the shackles of Soviet thinking and bureaucracy."

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The Spinning of Georgia's Political Carousel, 2004-2014

"The sacking of Irakli Alasania, Georgia's Defense Minister since October 2012, sent shock waves through the country's political system. But it should not have. After all, Alasania is one of 9 incumbents in this key ministry since 2004."

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ISET Policy Institute

16 Zandukeli Street
Tbilisi 0108, Georgia

Phone: (995 32) 250 71 77
Fax: (995 32) 299 86 44
www.iset-pi.ge

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