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51% Say Lawbreaking Likely in Clinton Dealings With Russia
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Bella Ciao – the United National Movement
See on p. 10



30 October, 2017

News Making Money

<http://www.finchannel.com>

Important milestones in life

The FINANCIAL

Our life is filled with different milestones, such as starting school, entering adulthood by leaving the parental home and starting work, getting married, having children, retiring... and there are large differences between women and men.

The analyses of these milestones in life show, for

example, that on average in the EU in 2016, women left their parental home two years earlier than men (at the age of 25 for women and 27 for men). Women also married earlier in almost all Member States, with an age difference at first marriage of more than 3 years in Bulgaria, Greece and Romania, while it was less than 2 years in Ireland, Lithuania, Portugal and the United Kingdom. Regarding the birth of the first child, women in the EU gave birth on

average at the age of 29 in 2015, ranging from around 26 years in Bulgaria, Latvia and Romania to almost 31 years in Spain and Italy.

Another significant difference between women and men is life expectancy. In all Member States, women lived longer than men – the average in the EU was 83.3 years for women and 77.9 years for men in 2015, a difference of 5 ½ years.

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Hurricanes Harvey, Irma and Maria will cost Munich Re €2.7bn, \$3.9bn for Lloyd's

The FINANCIAL

Munich Re is expecting a third-quarter loss of €1.4bn owing to exceptional major-loss expenditure. The Group now projects a small profit for the full year 2017.

“High losses from severe natural catastrophes are part and parcel of our business;

that is why we are here”, Jörg Schneider, Chief Financial Officer of Munich Re. “Our capital base remains very strong. We will continue to offer our clients full reinsurance capacity. Moreover, Munich Re has enough capital to take advantage of the opportunities this exceptional situation provides in terms of profitable growth.”

According to current estimates – which are still

fraught with considerable uncertainty – Munich Re anticipates losses of €2.7bn after retrocession from these three hurricane events. Including the expenditure for other natural catastrophes – in particular the earthquakes in Mexico – and man-made losses, overall major-loss expenditure will amount to €3.2bn in the third quarter.

Continued on p. 6

September 2017: Marmorated Stinkbug Devastates Georgia's Hazelnut Crops and Eats Into Consumer Confidence

See on p. 2

CURRENCIES

	Oct 28	Oct 21
1 USD	2.5612	▼ 2.4864
1 EUR	2.9766	▼ 2.9344
100 RUB	4.3941	▼ 4.3213
1 TRY	0.6698	▲ 0.6784

Mental health and employers: The case for investment

See on p. 4



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30 October, 2017

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G-Force Euro Regular	2.11	Eko Premium	2.27	Premium Avangard	2.19	Nano Premium	2.25	Elix Euro Premium	2.32
Euro Regular	2.04	Eko Diesel	2.19	Euro Premium	0.00	Euro Regular	2.05	Euro Regular 93	2.09
G-Force Euro Diesel	2.14	Euro Diesel	2.14	Euro Regular	1.99	Nano Euro Regular	2.05	Elix Euro Diesel	2.20
Euro Diesel	2.04	Euro Regular	2.08	Euro Deasel	1.99	Nano Diesel	2.02	Euro Diesel	2.05
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ISET KHACHAPURI INDEX

International School of Economics at TSU
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KHACHAPURI INDEX ON THE RISE

The average cost of cooking one standard portion of Imeretian khachapuri increased up to 3.63 GEL in September 2017. This is 5.4% higher m/m (compared to August 2017), and 6% higher y/y (compared to September 2016).

According to official statistics, compared to the same month of the previous year the Consumer Price Index (annual inflation rate) increased by 6.2%, which is very close to our estimate in yearly terms, although monthly inflation (compared to August 2017) amounted to 0.7%, which is lower than our estimate.

Khachapuri Index basket includes 6 ingredients needed to cook khachapuri (flour, cheese, egg, yeast, butter and milk). In September, prices of all khachapuri ingredients, except egg, increased m/m. The highest increase was captured for cheese,



whose price increased by 9.9%. Given that supply of milk decreases gradually as winter starts, one has to expect further increase in cheese prices and khachapuri index respectively.

September 2017: Marmorated Stinkbug Devastates Georgia's Hazelnut Crops and Eats Into Consumer Confidence



For several consecutive years, we have been observing a seasonal spike in Consumer Confidence Index (CCI) coinciding in time with young wine festivals (rtveli) and post-harvest euphoria in rural Georgia. Not this year. In September 2017, CCI lost 2.6 points, going down from -16.4 to -19. Both CCI components, the present situation and expectations indices, declined, by 3.4 and 1.9 points, respectively.

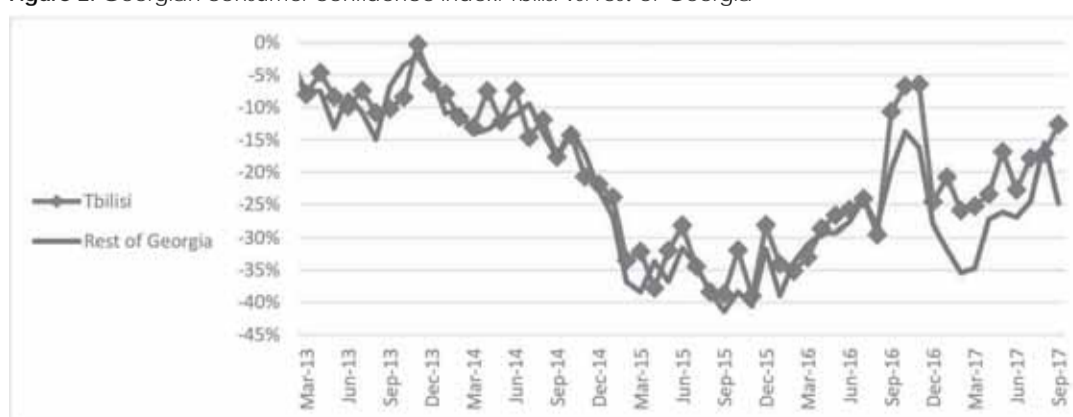
To figure out what happened to consumer confidence in September 2017 we segregated our nationally representative sample into its Tbilisi and rest-of-Georgia portions. The results are striking:

September was a good, business-as-usual month for Tbilisi residents who continued to gain in consumer confidence, going up from -17.1 in August to -12.6 points in September 2017. This latest monthly improvement of 4.5 points extends a longer term posi-

Figure 1: Georgian consumer confidence index, 2012-2107



Figure 2: Georgian consumer confidence index: Tbilisi vs. rest-of-Georgia



itive trend we have been observing since February 2017, when Tbilisi CCI hit its lowest mark (-25.9 points) in about a year.

The opposite is true for most

Georgian regions. In September, consumer confidence of Georgia's rural population went down from -15.5 to -24.8 points, more than erasing the gains achieved

in August. At least to some extent, this is an outcome of the damage inflicted on Georgia's agriculture

Continued on p. 12

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financial news

Mental health and employers: The case for investment

The FINANCIAL

As with physical health, mental health varies by individual and can fluctuate over time. Poor mental health and well-being can impact an individual's ability to thrive at work and earn a living. While mental health problems in the workplace are not necessarily caused by work, employers should be encouraged to identify and support individuals who bring their mental health problems to work with them, as well as provide mentally healthy working conditions, recent study by Deloitte suggests.

"Employers can offer a range of activities to support individuals' personal circumstances, enabling them to take the best course of action for their mental health. Offering these activities is not only beneficial for employees and society, but can reduce the significant employer costs of absence and employee turnover. These supporting activities include awareness-raising and promoting a positive and open organizational culture around mental health, preventative activities to support individuals to cope in difficult circumstances, and reactive support", Deloitte study says.

Deloitte research shows that whilst many employers offer reactive support, providing support at earlier, preventative stages of the employee journey may deliver a better average return on investment.

Deloitte estimate that poor mental health costs UK employers £33bn-£42bn each year. This is made up of absence costs of c. £8bn, presenteeism costs ranging from c. £17bn - £26bn and turnover costs of c. £8bn. We also estimate c. £1bn in costs related to self-employed absence. This cost is disproportionately borne by the public sector, which makes up roughly a fifth of the UK labour force, but bears one quarter of total costs. This is driven by higher average per-employee mental health costs in the public sector. Across industries the highest per-employee annual costs of mental health are in the finance, insurance and real estate industry (£2,017-£2,564) and public sector health (£1,794 - £2,174).



In order to calculate the costs of poor employee mental health, Deloitte considered a range of costs from absence, presenteeism, team costs and turnover/other organisational costs. Based on overall cost impact, data availability and robustness, Deloitte has included absence, presence and turnover costs for employees, and absence costs for the self-employed.

There are a number of trends and data sources supporting Deloitte findings in these areas:

- Over the last decade, workplace absence has fallen. However, the proportion of days lost due to poor mental health has risen. This may be partly due to improved reporting linked with increased awareness. Nonetheless, diagnostic evidence shows an increasing prevalence in mental health conditions across the UK population. Levels of mental health-related absence also varies across sectors.

- Presenteeism is defined as at-

tending work whilst ill (in this case, with poor mental health), and working at reduced productivity. We estimate that mental health-related presenteeism costs employers up to three times the cost of mental health-related absence. Costs of presenteeism have increased at a faster rate than absence costs. Presenteeism and absence are very closely linked, as individuals may choose to absent or present in response to poor mental health. The faster growth

in presenteeism is partly due to changes in the working environment such as an increase in perceived job insecurity and an increase in remote working, which can encourage more employees to present rather than absent in response to poor mental health. Finally, presenteeism varies significantly by sector, with the highest proportion of present days within natural resources and chemicals, pharmaceuticals and life sciences.

- Recent data shows that as more people choose to leave their em-

ployer voluntarily and spend less time, on average, at each employer, mental health related turnover costs increase. Studies suggest that higher paid and higher skilled jobs will incur greater turnover costs due to increased exit costs in finding the right candidate and increased entry costs of lost output, as the new employee gets up to speed.

- Self-employment is rising in the UK.

Deloitte research suggests that the self-employed are less likely to absent than those who are employed. The impact of mental ill health on these absence rates is less clear given limited data. Self-employment mental health costs are likely to be conservative.

The return on investment of workplace mental health interventions is overwhelmingly positive.

Based on a systematic review of the available literature, ROIs range from 0.4:1 to 9:1, with an average ROI of 4.2:1. These ranges account

for a number of data sources and methodologies.

Deloitte research indicates that these figures are likely to be conservative given the declining cost of technology-based interventions over time, increase in wages, cross-country differences and limited consideration of the full breadth of benefits. There are opportunities for employers to achieve better returns on investment by providing more interventions at organisational culture and proactive stages enabling employees to thrive, rather than intervening at very late stages.

Examples of good practice in Germany, Canada and Australia suggest that providing a common framework around mental health interventions and engaging with key stakeholders can empower employers to implement the most helpful interventions for their workforce. On the other hand, France, Belgium and Sweden have focused on legislation to protect employee mental health and wellbeing.

Global businesses offer rewards for hackers to improve security

The FINANCIAL -- Google is offering to pay a "bounty" of US\$1,000 (£759) to anyone who can successfully hack one of the Android apps on its Play Store - Google's rival to the Apple Store - in an attempt to locate and fix weak spots.

Firms outside the tech sphere are also increasingly turning to hackers for help. Lisa Shu, Assistant Professor of Organisational Behaviour at London Business School (LBS), said the threat of cybercrime gives bosses a strong business case for hiring hackers who can tighten their companies' online defences.

"There is an argument for hiring true online security experts with the perspective needed to combat cyber-criminals," she said. "Organisations are looking in the right place if they want people with the expertise and competence to boost their online security."

Google has partnered with the bug bounty platform HackerOne to reward individuals who find and help fix the most serious security flaws in some of its most widely used apps. Google already offers rewards of up to US\$100,000 (£75,900) for hackers who find vulnerabilities in its Chrome browser, according to LBS.

Bug bounty programmes are a popular way for companies to reward



hackers who find weak spots in their software and disclose them to developers so they can be fixed rather than exploited. "Given the magnitude of the stakes in blockchain and smart-contracts, bug bounties have become increasingly popular," said Dr Shu.

"These bounty initiatives represent a proactive approach to cybersecurity," she added. "They are excellent ways to incentivise experts to disclose vulnerabilities before they can be exploited by others with ill intentions. For the most part, these programmes attract recreational hackers, rather than those who

would otherwise have malicious intent. Sites such as HackerOne even sponsor hacker leaderboards - creating a legitimate centralised hub that crowdsources expert knowledge to resolve complex forensic cybersecurity problems.

"Ethical problems typically arise when companies dismiss potential weaknesses in their existing systems. Through inviting hackers to expose cybersecurity vulnerabilities in return for bounties, companies are signalling their willingness to diagnose their blind spots."

Google's initiative comes just days

after Dr Mathy Vanhoef, a computer science researcher at KU Leuven, published details of a WPA2 vulnerability that he calls KRACK (key reinstallation attack). According to Dr Vanhoef, the security protocol used in all modern wifi networks is broken and hackers could steal credit card numbers, passwords, chat messages, emails or photos from anyone using wifi. Experts have claimed this poses a huge risk to businesses.

Cybersecurity is on everyone's radar yet a recent LBS survey found that executives are willing to gamble potential risk. In a poll of LBS US alumni, EMBA-Global executives, and Executive Education past participants, 40% of C-suite executives said they believed their company had sufficient cybersecurity resources, yet 93% thought their company remained vulnerable to an attack.

Julian Birkinshaw, Professor of Strategy and Entrepreneurship at LBS, said: "Leaders need to be certain of the measures being taken at their own firms or which attacks are most likely to occur - a big risk that jeopardises an entire organisation. Instead of externalising the problem, executives must play an active role in creating and implementing a cybersecurity strategy across the entire organisation."

Companies are on high alert since corporate hacking scandals that have led to data leaks, damaged reputations and huge costs for the companies involved. Sony Pictures said in February 2015 that the fallout from hackers leaking sensitive emails cost the studio US\$15 million (£11,310,000). But increasingly hackers are the heroes. Two such, Kyle Lovett and Jordan Wiens, were rewarded with one million air miles each for identifying flaws in United Airlines' security system.

At present, the Google Play Security Reward Program is limited to Alibaba, Dropbox, Duolingo, Headspace, LINE, Snapchat and Tinder along with Google-developed Android apps available via Google Play. Third-party developer apps must be invited into the scheme. Hackers will work directly with the developer to identify and fix bugs before claiming the reward from Google.

Google is looking to find and destroy bugs that force apps to download or execute arbitrary code, trick apps into carrying out unauthorised financial transactions or force-open new webviews (browsers contained within mobile apps) that might be used for phishing. The Play Store has been criticised over perceived security issues.

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Hurricanes Harvey, Irma and Maria will cost Munich Re €2.7bn, \$3.9bn for Lloyd's

The FINANCIAL

Munich Re is expecting a third-quarter loss of €1.4bn owing to exceptional major-loss expenditure. The Group now projects a small profit for the full year 2017.

"High losses from severe natural catastrophes are part and parcel of our business; that is why we are here", Jörg Schneider, Chief Financial Officer of Munich Re. "Our capital base remains very strong. We will continue to offer our clients full reinsurance capacity. Moreover, Munich Re has enough capital to take advantage of the opportunities this exceptional situation provides in terms of profitable growth."

According to current estimates – which are still fraught with considerable uncertainty – Munich Re anticipates losses of €2.7bn after retrocession from these three hurricane events. Including the expenditure for other natural catastrophes – in particular the earthquakes in Mexico – and man-made losses, overall major-loss expenditure will amount to €3.2bn in the third quarter.

Munich Re will post a loss of €1.4bn for the period from July to September 2017. In addition to the aforementioned major losses, the quarterly result will also be impacted by adverse IFRS effects from the recapture of a life reinsurance treaty and – as expected – a low positive contribution to the quarterly result from ERGO. Detailed information on the quarterly figures will be provided on 9 November.

Munich Re is now proceeding on the assumption of generating a small profit for the year – on the proviso



that business performs in line with expectations in the last quarter.

The ongoing share buy-back programme will continue as planned until it expires at the 2018 Annual General Meeting; up to 24 October 2017, 2.7 million Munich Re shares were repurchased for a total of €485m, according to Munich Re.

On 15 March, Munich Re had announced that its profit guidance for 2017 would be in the range of €2.0–2.4bn. On 13 September, Munich Re reported that the severe losses to be

expected from Hurricanes Harvey and Irma were likely to result in a loss for the third quarter, and might jeopardise its profit target for 2017. Since then, Hurricane Maria has also caused significant damage in the Caribbean.

Lloyd's revises Harvey, Irma and

Maria claims estimates

Lloyd's on October 23 announced revised net claims estimates for Windstorms Harvey and Irma of a combined \$3.9 billion plus a preliminary claims estimates for Windstorm Maria of \$0.9 billion.

Lloyd's also reported that the market has so far paid almost \$900 million in claims for Harvey, Irma and

Maria.

"As more information has become available the latest analysis shows claims in the Lloyd's market are less than our preliminary estimate", Jon Hancock, Lloyd's Performance Management Director, said. "The claims estimate for Harvey and Irma has reduced approximately 10% from the precautionary figure we issued with our half year results last month. This is a developing situation and there continues to be a high degree of uncertainty around any claims estimate."

"We are experiencing one of the most active hurricane seasons this century and I am very proud of the way that the Lloyd's market is responding to these events. Focus remains on getting policyholders back up and running, and we are paying claims quickly despite some very difficult conditions in the affected areas. Our ability to pay claims quickly even in difficult circumstance is a clear example of the valuable role that our sector plays in society."

"While it is clear that these catastrophes will bear a heavy toll the claims are spread across the entire Lloyd's market, which has total net financial resources of £28 billion (\$36 billion). We must remember that the Lloyd's market is built for moments like this, with governments, businesses and communities all relying on us to help them rebuild their lives and livelihoods."

"The devastation caused by these disasters will certainly have an impact on the re/insurance sector as a whole. It also serves as a reminder to all companies that, even in a highly competitive market, they must maintain adequate and sustainable pricing for the risks they are insuring," Jon Hancock said.

global affairs

Key Witness Identifies Russian Suspect In Funding Of Alleged Montenegro Coup Plot

RFE/RL

Aleksandar Sindjelic, a key witness in the trial of 14 people who allegedly plotted to topple Montenegro's pro-Western government, has implicated a purported Russian secret-service agent in organizing the coup attempt aimed at blocking the Balkan country's NATO accession.

Over two days of court testimony ending on October 27, Sindjelic identified Eduard Shishmakov as a key organizer and financier of the alleged plot to overthrow the government during parliamentary elections in October 2016.

"A lot of money was given by Moscow. They had weapons, people from inside, special teams," Sindjelic testified, alleging that payments totaling some 200,000 euros (\$235,000) were to be used to organize the plot and purchase weapons.

Prosecutors have argued during the trial that two Russian military intelligence operatives for the



Kremlin, Shishmakov and Vladimir Popov, organized and coordinated the coup attempt from neighboring Serbia. In addition to the charges handed down to the 14 defendants of creating a criminal organization with the aim of undermining Montenegro's constitutional order, Shishmakov and Popov have also been charged with terrorism.

The two remain at large and are being tried in absentia.

"Part of the plan was to eliminate [then-Prime Minister Milos] Djukanovic," Sindjelic testified during questioning by prosecutors.

Defense lawyers will get their chance to question Sindjelic on November 7, the court said after the October 27 session ended.

State authorities in Montenegro say Serbian and Russian nationalists plotted to occupy parliament during the country's October 2016 parliamentary elections, assassinate Djukanovic, and install a pro-Russian leadership to halt Montenegro's bid to join the Western security alliance.

The defendants include pro-Russian Democratic Front opposition lawmakers Andrija Mandic and Milan Knezevic, nine citizens of Serbia, one other Montenegrin, and the two Russians.

Sindjelic, who has called himself a Serbian nationalist who is against any borders among Serbs, said he surrendered voluntarily to Montenegrin authorities, fearing he would be killed after the plot was uncovered.

The Kremlin has denied claims

that "Russian state bodies" were involved in the alleged plot.

Montenegro became NATO's 29th member on June 5, marking a historic turn toward the transatlantic alliance amid protests from Montenegro's political opposition and Russia.

Analysts have warned that coup attempts in the region are likely to be repeated, and that Washington needs to do more to shore up "Europe's soft underbelly."

During a visit in August to Montenegro, U.S. Vice President Mike Pence accused Russia of working "to destabilize the region, undermine your democracies, and divide you from each other and from the rest of Europe."

He also urged Balkan leaders to "be resolute and uncompromising in the face of [Russian] aggression."

Russia, which has long opposed any further NATO enlargement and has bitterly criticized Podgorica's accession to the alliance, denounced Pence's statements as "destructive" and a window on the Cold War mentality of the White House.



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america

51% Say Lawbreaking Likely in Clinton Dealings With Russia

The FINANCIAL

With the Clinton Foundation and Hillary Clinton's campaign coming under increasing investigative scrutiny for their ties to Russia, just over half of voters now think something illegal was going on.

The latest Rasmussen Reports national telephone and online survey finds that 51% of Likely U.S. Voters believe it's likely that Bill and Hillary Clinton or their close political associates broke the law in their dealings with Russia. Thirty-seven percent (37%) say that's unlikely. This includes 37% who consider illegal activity Very Likely and 20% who say it's Not At All Likely.

Sixty percent (60%) continue to believe it's likely some actions Hillary Clinton took as secretary of State were influenced by donations made to the Clinton Foundation, with 45% who say it's Very Likely. This is down slightly from highs of 64% and 49% respectively last August. Twenty-nine percent (29%) say it's unlikely that Secretary Clinton did favors for some of those who contributed to the Clinton Foundation, but that



includes only 12% who say it's Not At All Likely.

Fifty-two percent (52%) of voters said in April that Bill and Hillary Clinton's private dealings with Russian officials should be included in the FBI and congressional investigations of the Trump campaign's alleged Russia ties.

Most voters still believe Hillary Clinton is likely to have broken the law in her handling of classified information as secretary of State and disagree with the FBI's decision to keep secret its files on last year's Clinton probe.

Fifty-nine percent (59%) of Republicans think it's Very

Likely the Clintons or their close political associates broke the law in their dealings with the Russians, a view shared by 18% of Democrats and 36% of voters not affiliated with either major political party.

But a plurality (44%) of unaffiliateds agree with 69%

of GOP voters that it is Very Likely some actions Hillary Clinton took as secretary of State were influenced by donations made to the Clinton Foundation. Perhaps surprisingly, even one-in-four Democrats (25%) agree.

Men are much more skeptical about the Clintons' behav-

ior than women are. Blacks trust them more than whites and other minority voters do.

Among voters who believe some of Secretary Clinton's actions are Very Likely to have been guided by donations to the Clinton Foundation, 77% also think the Clintons or their top associates are likely to have broken the law in their dealings with the Russians.

With wall-to-wall media coverage of allegations of collusion between the Trump campaign and the Russian government, 26% of all voters rate them as the most serious problem facing the nation.

Russia has consistently been a much bigger issue for Democrats than for other voters, with some Democratic leaders even calling for Trump's impeachment. Searching for a reason for Hillary Clinton's defeat, most Democrats blamed Russia following the election.

Most voters think it's time for Hillary Clinton to retire from politics.

Last October, 53% still disagreed with the FBI's decision not to indict Clinton for her mishandling of classified information. Seventy percent (70%) said the classified information issue was important to their vote for president.

5 facts about Muslim Millennials in the U.S.

The FINANCIAL

The Muslim population in the United States is younger than the U.S. population at large. In fact, while Millennials make up 32% of all U.S. adults, they account for roughly half of American Muslim adults (52%), according to Pew Research Center study. Muslim Millennials were born from 1981 to 1999 and generally came of age after 9/11. Most have transitioned to adulthood, and attended or graduated college. Some have embarked on careers or begun raising families.



Here are five facts about Muslim Millennials:

1. While U.S. Muslims overall are largely an immigrant population (58%), Muslim Millennials are somewhat less likely to have been born abroad than are older Muslim adults (52% versus 64%), according to a 2017 Pew Research Center survey. (Within the general public, 15% of all Millennials are immigrants.) Racially and ethnically, 40% of Muslim Millennials identify as white (including Arabs and people of Middle Eastern ancestry), 29% as Asian (including people of Pakistani or Indian descent), 17% as black and 11% as Hispanic. Muslim Millennials are less likely to be married than are older Muslim adults (36% versus 71%), though they are roughly as likely to be married as Millennials in the general public

(30%). And although Muslim Millennials are less likely than older Muslim adults to have at least a bachelor's degree (24% versus 38%), they are about as likely to have one as Millennials in the general public (27%).

2. Muslim Millennials are as likely as older Muslim adults to say religion is "very important" in their lives and that they attend religious services at least weekly. This differs from the generational dynamic in some larger U.S. religious groups. Among Catholics, mainline Protestants and members of the historically black Protestant tradition, for example, Millennials are significantly less likely than their respective elders to say religion is very important to them, or that they attend religious services weekly. Millennial evangelical Protestants, on the other

hand, are similar to Muslim Millennials in that they are about as likely as older evangelical Protestants to attend weekly worship services and almost as likely to say religion is very important in their lives.

3. Muslim Millennials are more likely than older American Muslims to say homosexuality should be accepted by society (60% versus 44%). And just three-in-ten Muslim Millennials (27%) say homosexuality should be discouraged by society, compared with 39% of older Muslims.

The greater acceptance of homosexuality among Muslim Millennials echoes a similar pattern in the general public. Among U.S. Christians – and among the U.S. public as a whole – Millennials tend to be more accepting of homosexuality than are older adults.

Among all Muslim adults, sentiment on homosexuality has moved toward greater societal acceptance over the last decade, according to multiple Pew Research Center surveys. This aligns with sentiment among U.S. Christians and Americans as a whole, who have similarly become more accepting of homosexuality over time.

4. Muslim Millennials, like older Muslims, lean heavily Democratic (69%) – more so than Christian Millennials (47%) and the U.S. Millennial population as a whole (56%). This is not to say that Muslim Millennials uniformly embrace the Democratic Party. Only 36%, in fact, say the party is friendly toward Muslim Americans. And Muslim Millennials are more likely (21%) than Christian Millennials (7%) to express a preference for neither major U.S. political party.

5. Muslim Millennials are less likely than older Muslim adults to say the American people are "generally friendly" toward Muslims in the U.S. (45% versus 65%). This does not mean that most Muslim Millennials find the American people unfriendly toward U.S. Muslims, however. Only 15% of Muslim Millennials say that Americans as a whole are unfriendly toward Muslims, while the remaining 36% of respondents say the American people are neutral toward Muslims.

Study findings comes from Pew Research Center.

Nearly half of Americans have a family member or close friend who's been addicted to drugs

The FINANCIAL

It's common for Americans to know someone with a current or past drug addiction – and it's an experience that mostly cuts across demographic and partisan lines. A Pew Research Center survey conducted in August found that 46% of U.S. adults say they have a family member or close friend who is addicted to drugs or has been in the past. Identical shares of men and women say this (46% each), as do identical shares of Democrats and Democratic-leaning independents when compared with Republicans and Republican leaners (also 46% each). There are no statistically significant differences between whites (46%), Hispanics (50%) and blacks (52%).

Data from the federal government provide context for these survey findings. In 2016, about 7.4 million Americans ages 12 and older (2.7%) reported behavior in the past year that meets the criteria of an "illicit drug use disorder," according to the Substance Abuse and Mental Health Services Administration (SAMHSA). These criteria include a drug user making "unsuccessful attempts to cut down on use" or continuing the habit "despite physical health or emotional problems associated with use."

The illicit drugs included in the SAMHSA survey are mari-

juana, cocaine, heroin, hallucinogens, inhalants, methamphetamine and the misuse of prescription drugs, such as pain relievers or stimulants. In 2016, the most common illicit drug use disorders were related to marijuana (estimated to affect about 4 million people ages 12 and older) and prescription pain relievers (about 1.8 million). Opioids, which have become a focus of the Trump administration, can come in the form of street drugs, such as heroin, or prescription pain relievers.

While a relatively small share of Americans report having an illicit drug use disorder, the number and rate of drug overdose deaths has grown sharply in recent years, with opioids accounting for a rising share of these fatalities. Opioids now account for more than six-in-ten drug overdose deaths.

There were 52,404 drug overdose deaths in 2015, more than triple the 16,849 that occurred in 1999, according to the Centers for Disease Control and Prevention. During the same period, the age-adjusted rate of drug overdose fatalities – which takes population change into account – rose from 6.1 deaths per 100,000 people to 16.3. Increases have come across gender, age and racial and ethnic lines, and rural as well as urban areas have been affected.

Preliminary estimates show that U.S. drug overdose deaths continued to rise sharply in 2016.



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Bella Ciao – the United National Movement

If we look at the continuum of Georgia's political development since its independence in 1991, we can see one clear pattern: the party that loses power – whether by coup d'état, color revolution or parliamentary election – inevitably disappears. Currently, we are witnessing the disappearance of the United National Movement (UNM), a party that governed the country from 2004 -2012. However, the slow and nonviolent pace of the UNM demise sets it apart from the aforementioned trend.

In 1992, when Edouard Shevardnadze took control of the country, brutal and violent means were used against his political opponents, peaceful demonstrators even found themselves squarely in the crosshairs of Kalashnikovs held by his supporters. After Shevardnadze lost power to his protégé Mikhail Saakashvili, many of his allies were arrested, including several cabinet members. The Saakashvili era ended with well over 190 political prisoners – some of which were even tortured. Of course, such brutal means have not been employed against the UNM. However, the outcome of the recent municipal elections are a clear manifestation of their story's unhappy end.

Nevertheless, empty spaces do not exist long in politics; when one does present itself, someone fills it quickly. This is what is happening now within the country's political landscape, where some remnants of the UNM have created their own political parties – two of which have enjoyed a certain level of success. Other political parties that were associated with or are still on the UNM payroll (both figuratively and literally) have little to no chance in their bids to challenge the ruling party the Georgian Dream (GD) – even if they were to unite. As such, there remains a need of the third player in the country, and Georgia could potentially

Table 1. Defectors from 2016 parliamentary elections

	Paata Burchuladze	Nino Bujianadze	National Movement	Republican Party	Georgian Patriots	Labor party	Free Democrats	Georgian Dream	Destroyed ballot
2016 PARLIAMENTARY ELECTION RESULTS									
2017 TBILISI MAYORAL ELECTION RESULTS	3.5%	3.5%	27.1%	1.6%	5%	3.1%	4.6%	48.7%	2%
7.1% Helen Khoshtaria	11	7	12	6	1	2	9	2	2
1.2% Kakha Kukava	1	12	1	2	6	2	4	1	2
16.7% Zaal Udumashvili	23	7	58	11	2	8	5	2	8
3% Irma Inashvili	8	10	3	3	31	6	2	2	1
1% Giorgi Gugava	1	2	1	5	3	16	2	1	1
2% Giorgi Vashadze	3	4	3	6	1	4	6	1	3
51% Kakha Kaladze	31	29	6	14	22	17	28	74	15
17.5% Aleko Elisashvili	10	11	9	39	20	25	27	9	26

Source: IMEDI TV/ GORBI exit poll. All exit poll figures are in percentages, official electoral results have percent signs. Data is not weighted and does not represent those who have participated in 2016 and did not show up for the 2017 municipal elections.

have it with Aleko Elisashvili, an independent candidate who finished second with 17.5% of the votes in the recent municipal election for mayor of Tbilisi.

On behalf of Imedi TV, GORBI conducted an exit poll in Tbilisi covering 100 voting precincts and interviewing over 5,000 voters. The exit poll results were very accurate compared to the official data. Aside from candidate and party preferences, we asked respondents several other questions with the aim of assessing: (1) the loyalty of party supporters (2) the effects the dismantled parties (2016) had on today's current party preferences (3) the strength of party candidates and (4) the phenomenon of an independent candidate and his electorate.

To start with shifts in party support, Table 1 demonstrates that out of all people who reported support for the Georgian Dream in the 2016 Parliamentary Elections, 74% voted for Mr. Kaladze

in the 2017 mayoral vote. 2016 UNM supporters were split by several groups, and the largest segment of voters supported Mr. Udumashvili (58%) now a member of the UNM. Elene Khoshtaria attracted another 12% of what were once supporters of Saakashvili. Interestingly, GD's Kaladze managed to attract 6% of UNM defectors from 2016. Since the 2016 parliamentary elections, several parties on this table have been dismantled and have not presented their mayoral candidate in 2017. These include Paata Burchuladze's Government for the People and Irakli Alasania's Free Democrats. The dismantlement of the Free Democrats benefitted Kaladze and Elisashvili most, since they received 28% and 27% of Free Democrats voters respectively. This offered the least benefit to Mr. Zaal of the UNM, since he only managed to pirate 5% of Free Democrat supporters.

Shifts between party preferences in 2016 and mayoral

candidate vote in 2017 also suggests something about the strength of the candidates themselves. The biggest loser was Mr. Gugava who failed to attract 86% of those who voted for his party last year.

2017's election dynamics were interesting due to the fact that there was a wild card, Aleko Elisashvili, who was not representative of any particular party, and who came second in the mayoral race. Proportionally, most of his support base came from people who supported the Republican party in the 2016 elections. Nevertheless, Elisashvili was able to shift at least 9% of support towards him from all parties that people voted for in the 2016 parliamentary elections.

This exit poll also explored voter attitudes towards the second round vote in case there was a runoff between Kaladze and Elisashvili or Kaladze and Udumashvili, since these were the most likely runoffs if a second round was held at all.

Table 2. What if the second round would happen?

	Khoshtaria	Kukava	Udumashvili	Inashvili	Gugava	Vashadze	Kaladze	Elisashvili
K vs U								
Kaladze	10	47	4	44	51	33	92	36
Udumashvili	53	15	88	26	34	41	2	21
Not decided	14	9	5	15	9	11	4	11
K vs E								
Kaladze	19	47	13	34	42	22	91	12
Elisashvili	54	27	56	30	23	37	2	77
Not decided	9	12	9	16	12	12	4	7

Source: IMEDI TV/ GORBI exit poll. All exit poll figures are in percentages, official electoral results have percent signs. Data is not weighted and does not represent those who have participated in 2016 and did not show up for the 2017 municipal elections.

As shown in Table 2, out of Udumashvili's supporters, a majority (56%) would have supported Elisashvili if a second round of voting was held between Elisashvili and Kaladze. Additionally, Elisashvili's supporters are more likely to vote for Kaladze than Udumashvili if a second round of mayoral elections were held between the two.

Based on these responses, Kaladze has the most loyal supporters. Of those who voted for him, more than nine out of ten (92%) say they would have voted for him again in the second round if a run-off was held between him and Udumashvili. Whereas out of the people who voted for Udumashvili, 88% percent say that they would have voted for him again if a second round were held between him and Kaladze.

The bottom line is that we are seeing the rapid degradation of the oppositional spectrum – the end of the UNM

and the rise of independent candidate Elisashvili. Will he be able to establish a sound political party, employ some kind of triangulation strategy and move above both the GD and scrap remnants of the UNM and remain stable until the 2020 parliamentary elections in time to challenge the GD?

It is possible, but highly unlikely.

Note: I would like to extend a special thank you to Ani Lortkipanidze who assisted with the analysis and the tables featured in this article. GORBI is an exclusive member of the Gallup International research network and has more than two decades of experience in survey research (gorbi.com).



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Roman Gotsiridze:

UNITED NATIONAL MOVEMENT MEMBER



“As a result of the contract with Gazprom, Georgia loses GEL 66 million annually.”



Valeri KVARATSKHELIA
FactCheck

At a press conference to address the issue of the amount of money that Georgia receives in exchange for transiting gas to Armenia, United National Movement member, Roman Gotsiridze, stated: “The amount of damage for Georgia as a result of the contract with Gazprom, concluded by Kaladze, is GEL 66 million annually.”

FactCheck took interest in the accuracy of the statement.

The North-South Magistral Gas Pipeline starts at the Russia-Georgia border and continues to the Georgia-Armenia border. The pipeline allows Russian gas deliveries to Georgia and Armenia although it mostly serves to supply Russian gas to Armenia given the small share of Russian gas in Georgia's total consumption.

Prior to 2017, Georgia was receiving 10% of the total volume of natural gas exported by Gazprom to Armenia (the approximate volume in the last years being 200 million cubic metres per year) as a transit fee whilst paying USD 215 for additional purchases of natural gas beginning from the second half of 2016. The Russian side considered payment with raw material to be in contradiction with world practice and periodically put offers forward to replace the raw material payment with monetary payment. Taking into account the present conjuncture of the energy market, this can be profitable for Georgia only in exceptional circumstances (if in the nearest future the price of gas drops significantly or if Georgia gets a much higher transit fee as compared to the existing rates which is less likely). Specifically, the monetary payment model stipulates that payment is made in accordance with the transit fee imposed for the transportation of 1,000 cubic metres of natural gas at a distance of 100 kilometres. The transit fee is usually determined as a result of private negotiations and fluctuates from USD 2.7 to USD 4.5 throughout the region according to available information. As the length of

the North-South Gas pipeline is only 221 kilometres, Georgia theoretically cannot afford to purchase the same amount of gas (considering the present price of natural gas) with the transit fee as it would be able to with payment in raw material.

The negotiations about the changes in the form of payments became especially tense by the end of 2015. At that time, the Georgian side managed to maintain the status quo; however, after several rounds of negotiations which started at the end of 2016, Georgia agreed to move to the monetary payment model for the transit fee. The details of the two-year long contract have not been publicised although it is known that Georgia will receive part of the transit fee in accordance with the old contract throughout 2017; that is, by raw material payments and then completely switching to the monetary form from 2018. Additionally, the Russian side took the obligation to supply natural gas to Georgia in sufficient quantities for the country's present needs at a price fixed. According to the information of the Ministry of Finance of Georgia, the price for Russian natural gas was USD 215 as of June 2017 whilst this has decreased to USD 195 since August. These figures give us the ground to assume that the price fixed in advance is USD 195.

In regard to possible losses associated with the new form of payment, Armenia's annual consumption of Russian gas in the last few years is in the margins of 2 billion cubic metres. Therefore, in accordance with the terms of the old contract, Georgia was supposed to receive 200 million cubic metres of natural gas. The price of Russian gas for Georgia was USD 215¹ per 1,000 cubic metres. Therefore, the total price of the raw materials delivered to Georgia as a transit fee amounted to USD 43 million.

In order to calculate possible losses or profits, the aforementioned price should be compared to the sum of the direct and indirect benefits that Georgia is supposed to receive as a transit fee under the new contract. The direct benefit means remuneration for transit whilst indirect

benefit assumes the reduction of expenditures as a result of the price bargain. As the price bargain constitutes USD 20, the benefit would be that amount of money multiplied by the total volume of natural gas purchased from Gazprom. As of today, Georgia purchased natural gas for a reduced price only in August (2,104,700 cubic metres of natural gas for USD 411,768) with the benefit from the price bargain at USD 40,734. The amount of annual indirect benefit depends on the actual volume of natural gas purchases from Gazprom. The calculation of the exact figure will be possible by the end of the year.

If the amount of indirect benefit can be calculated more or less accurately, it is not possible to determine the amount of direct benefit because the terms of the contract are a commercial secret and have not been disclosed. According to the United National Movement's information, the transit fee for every 1,000 cubic metres of natural gas at 100 kilometres constitutes USD 3. FactCheck does not consider this information as a fact and makes no judgment in regard to the reliability of the information in that there is no authentic source to confirm or reject it. The following analysis is based on hypothetical assumption alone in order to assess what would be the result if this information were true.

Under the given amount of the transit fee, the total amount of the annual transit fee would be USD 13.3 million (2.21*3*2,000,000). The difference between the benefit envisioned by the old contract (USD 43 million) and the direct benefit² envisioned by the new contract (USD 13.3 million) is USD 29.74 million. Taking into account the USD to GEL exchange rate at the time of Roman Gotsiridze's statement (2.48), this constitutes approximately GEL 74 million. However, of note is that considering the amount of gas received from Russia and the changes in price, the old form of payment was maintained in the first two quarters of 2017. As of July 2017, the total volume of natural gas exported by Gazprom to Armenia was approximately 1 billion cubic metres (half

of Armenia's total consumption). Therefore, by taking the new terms into account, the hypothetical damage decreases to GEL 37 million for the year. Presumably, by the end of the year this amount will decrease further by the benefit which Georgia will get from purchasing (usually, natural gas consumption increases in autumn and winter which necessitates the purchase of additional Russian gas) Russian gas at a reduced price.

After moving to a fully monetary system of payment (beginning in 2018), we can conclude that if Georgia does not purchase Russian gas at all (will not get an indirect benefit) and Armenia's consumption will not change

significantly, the transit fee in the new contract for 1,000 cubic metres for 100 kilometres in order to maintain the same benefits as under the old contract will be GEL 9.73 which is highly unlikely. At the same time, the indirect benefit for every 1,000 cubic metres of natural gas Georgia will have to purchase from Russia amounts to USD 20. In the past few years, the share of Russian gas in Georgia's total consumption was hovering at 10%-12% which corresponded to 200-300 million cubic metres. If the consumption of Russian gas is kept at 300 million cubic metres in Georgia's total natural gas consumption, Georgia will get USD 6 million in additional

benefit. In combination with the income of the transit fee to Armenia (USD 13.3 million), Georgia will have USD 20 million benefit in total whereas we used to receive natural gas valued at USD 43 million under the old contract.

1. The current price to purchase gas from Russia is USD 195. The reduction of the natural gas price is one of the conditions of the new contract and the price would not have decreased if the old contract were kept. Therefore, for our calculations, it is more appropriate to use the price which was in force prior to the new contract.

2. If we assume this information is true.

CONCLUSION

CONSIDERING THE STATISTICS OF THE LAST YEARS, THE AVERAGE PRICE OF NATURAL GAS (ROUGHLY CALCULATED) WHICH GEORGIA RECEIVED AS A TRANSIT FEE FOR DELIVERING RUSSIAN GAS TO ARMENIA WAS USD 43 MILLION UNDER THE OLD CONTRACT. WHETHER OR NOT THE GEORGIAN SIDE WILL RECEIVE THE SAME AMOUNT OF BENEFIT UNDER THE NEW CONTRACT DEPENDS ON THE TRANSIT FEE AND THE VOLUME OF NATURAL GAS WHICH GEORGIA WILL HAVE TO PURCHASE FROM RUSSIA. IN THE ABSENCE OF INFORMATION ABOUT THE TRANSIT FEE ENVISIONED IN THE GEORGIA-GAZPROM CONTRACT, IT IS IMPOSSIBLE TO PRECISELY DETERMINE THE DAMAGE AND OR THE PROFIT FOR GEORGIA UNDER THE NEW CONTRACT.

HOWEVER, EVEN IF IT IS ASSUMED THAT THE AFOREMENTIONED AMOUNT OF TRANSIT FEE (USD 3) IS TRUE, THE DAMAGE FIGURE FOR 2017 IS PERHAPS MUCH LESS THAN GEL 66 MILLION BECAUSE THE RESPECTIVE CALCULATIONS HAVE NOT TAKEN INTO ACCOUNT THE POSSIBILITY OF RECEIVING ADDITIONAL BENEFITS UNDER THE TERMS OF THE NEW CONTRACT. AT THE SAME TIME, THE EFFECT OF MAINTAINING THE OLD CONTRACT'S PRACTICE OF RECEIVING RAW MATERIAL AS PAYMENT IN THE FIRST HALF OF 2017 IS ALSO NEGLECTED. ALL THINGS BEING EQUAL, THE DAMAGE FROM 2018 WILL INCREASE TO USD 23 MILLION.

CONSIDERING ALL OF THE AFOREMENTIONED, GEORGIA WILL MOST LIKELY GET LESS BENEFIT UNDER THE NEW CONTRACT AS COMPARED TO THE TERMS OF THE OLD CONTRACT. HOWEVER, IN THE ABSENCE OF AN AUTHENTIC SOURCE OF SPECIFIC CONTRACT FIGURES, IT IS IMPOSSIBLE TO NAME THE PRECISE AMOUNT OF LOSSES.

THEREFORE, FACTCHECK LEAVES ROMAN GOTSIRIDZE'S STATEMENT WITHOUT A VERDICT.

WITHOUT A VERDICT



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Did you know?



Air Passengers Will Nearly Double to 7.8 Billion by 2036

The FINANCIAL

The International Air Transport Association (IATA) expects 7.8 billion passengers to travel in 2036, a near doubling of the 4 billion air travelers expected to fly this year.

The prediction is based on a 3.6% average Compound Annual Growth Rate (CAGR) noted in the release of the latest update to the association's 20-Year Air Passenger Forecast.

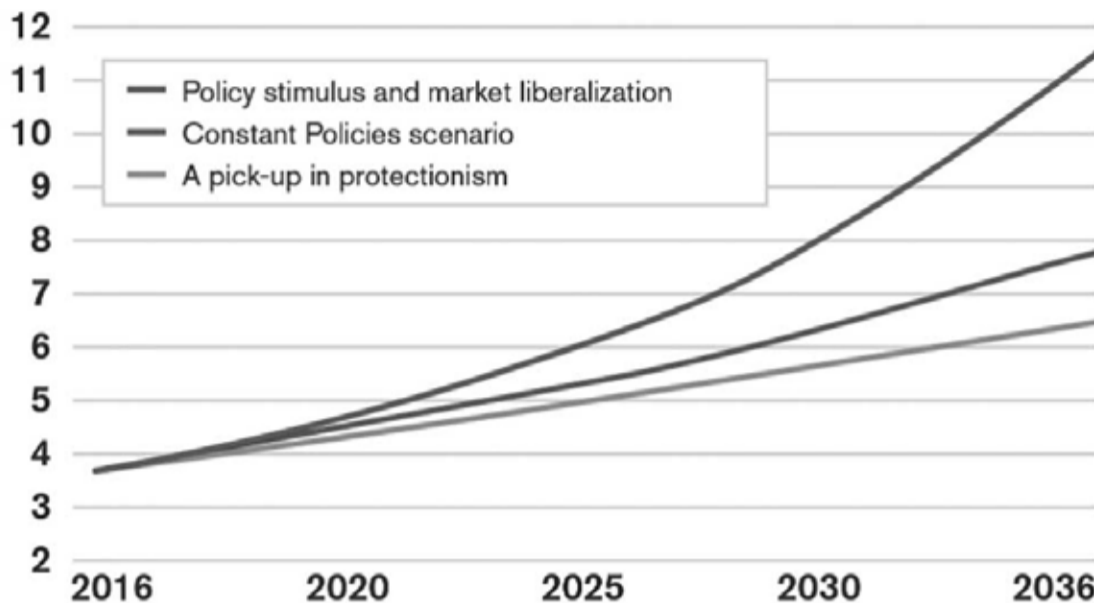
Eastward shift, developing market focus

The biggest driver of demand will be the Asia-Pacific region. The region will be the source of more than half the new passengers over the next two decades. The point at which China will displace the United States as the world's largest aviation market (defined as traffic to, from and within the country) has moved two years closer since last year's forecast. We now anticipate this will occur around 2022, through a combination of slightly faster Chinese growth and slightly reduced growth in the US. The UK will fall to fifth place, surpassed by India in 2025, and Indonesia in 2030. Thailand and Turkey will enter the top ten largest markets, while France and Italy will fall in the rankings to 11th and 12th respectively.

Risks, opportunities and sustainability

A number of risks to the forecast have been identified. Maximizing the potential benefits of aviation growth will depend on current levels of trade liberalization and visa facilitation being maintained. If trade protection-

Global Passengers (billion, segment basis)



ism and travel restrictions are put in place, the benefits of air connectivity will decline as growth could slow to 2.7%, meaning 1.1 billion fewer passenger journeys annually in 2036. Conversely, if moves towards liberalization increase, annual growth could be more than two percentage points faster, leading to a tripling in passengers over the next 20 years.

Planning for growth will require partnerships to be strengthened between the aviation industry, communities and governments to expand and modernize infrastructure. Runways, terminals, and ground access to airports will come under increasing strain. Innovative solutions to these challenges, as well as to the baggage and security processes, cargo handling, and other activities, will also be needed. And air traffic management needs urgent reform to cut delays, costs and emissions.

The aviation industry has adopted a robust strategy to reduce its environmental impacts, particularly its carbon emissions. "No industry has done more to meet its environmental obligations than aviation. Our tough targets to achieve carbon-neutral

growth from 2020 and to cut our CO2 emissions to half-2005 levels by 2050 are backed by a comprehensive strategy. Our immediate aims are to work with governments to increase the production of sustainable aviation fuels, and to deliver air traffic management efficiencies, which promise significant emissions savings. And from 2020, a Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) will play a major role in meeting our carbon-neutral target," said de Juniac

Fast-growing markets

The five fastest-growing markets in terms of annual additional passengers in 2036 compared to 2016 will be

- China (921 million new passengers for a total of 1.5 billion)
- US (401 million new passengers for a total of 1.1 billion)
- India (337 million new passengers for a total of 478 million)
- Indonesia (235 million new pas-

sengers for a total of 355 million) Turkey (119 million new passengers for a total of 196 million).

Many of the fastest-growing markets are achieving a compound growth rate of more than 7.2% per year, meaning their market will double in size each decade. Most of these markets are in Africa, including: Sierra Leone, Benin, Mali, Rwanda, Togo, Uganda, Zambia, Senegal, Ethiopia, Ivory Coast, Tanzania, Malawi, Chad, Gambia and Mozambique, according to IATA.

Routes to, from and within Asia-Pacific will see an extra 2.1 billion annual passengers by 2036, for an overall market size of 3.5 billion. Its annual average growth rate of 4.6% will be the third-highest, behind Africa and the Middle East.

The North American region will grow by 2.3% annually and in 2036 will carry a total of 1.2 billion passengers, an additional 452 million passengers per year.

Europe will also grow at 2.3%, and will add an additional 550 million passengers a year. The total market will be 1.5 billion passengers.

Latin American markets will grow by 4.2%, serving a total of 757 million passengers, an additional 421 million passengers annually compared to today.

The Middle East will grow strongly (5.0%) and will see an extra 322 million passengers a year on routes to, from and within the region by 2036. The total market size will be 517 million passengers.

Africa will grow by 5.9%. By 2036 it will see an extra 274 million passengers a year for a total market of 400 million passengers.



September 2017: Marmorated Stinkbug Devastates Georgia's Hazelnut Crops and Eats Into Consumer Confidence

Continued from p. 2

by the so-called marmorated stink bug. This bug has had a devastating effect on hazelnuts, Georgia's number one agricultural export commodity, reducing export grade produce by at least 20-30% (according to the Georgian minister of agriculture, Levan Davitashvili). Other crops have been damaged as well, triggering protests in Zugdidi, the capital of Georgia's main hazelnut producing region, Samegrelo.

It is worth noting that the gap in consumer sentiment between Georgia's rural population and people living in the capital has reached its maximum value (about 12 index points) since we started collecting CCI data. This gap

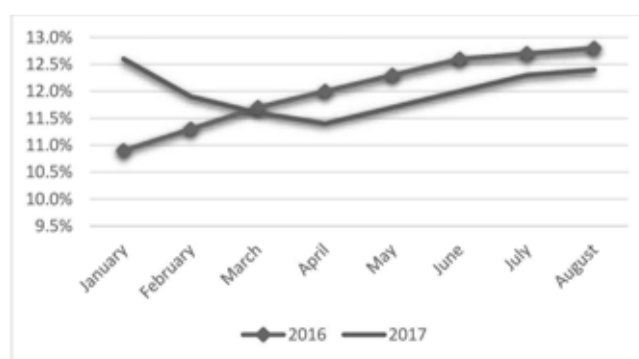
first emerged exactly one year ago, in September 2016, and has been hovering around 6-10 index points ever since.

It's the Political Economy, Stupid!

Other factors, including government policies, may have contributed to what seems like a permanent relative downward shift in consumer confidence among Georgia's rural population. For example, as the biggest prize and a must-win jurisdiction in the October 2017 municipal elections, Tbilisi was on the receiving

Figure 3: Share of social assistance beneficiaries in total population, 2016 and 2017

	Share of People, Receiving Social Assistance	
	2016	2017
January	10.9%	12.6%
February	11.3%	11.9%
March	11.7%	11.6%
April	12.0%	11.4%
May	12.3%	11.7%
June	12.6%	12.0%
July	12.7%	12.3%
August	12.8%	12.4%



Source: Social Service Agency of Georgia

end of massive government investment through much of 2017. Improvements in the city's public transport infrastructure and street renovation projects, coupled with a

highly visible boom in private sector-financed construction projects, may have positively affected people's perceptions and consumer confidence in the capital.

Conversely, Georgia's rural population was negatively affected by the decline in government-provided social assistance benefits. The number of social assistance ben-

eficiaries has been steadily increasing during 2016, the year of the all-important parliamentary elections, peaking at 12.8% in August 2016. Having won these elections, the government engaged in fiscal consolidation. Thus, in January-April 2017, it cut down on the number of social assistance beneficiaries and relevant budget expenditures. While increasing after April 2017, the number of beneficiaries stayed below its 2016 level. As a result, during the first eight months of 2017, spending on social benefits totaled 5.4% less than in the same period of 2016. While quite reasonable, this policy must have disproportionately hit Georgia's outlying regions that are characterized by a much higher incidence of poverty.

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Nazarbaev Signs Decree On Kazakh Language Switch To Latin-Based Alphabet



Kazakh President Nursultan Nazarbaev has signed a decree setting out plans to switch from a Cyrillic-based script for the Kazakh language to a Latin-based alphabet.

The decree posted on the president's website on October 27 says that a national commission will implement the gradual shift to the Latin alphabet by 2025.

Nazarbaev, in power since before the 1991 Soviet col-

lapse, has been talking about switching to Latin for years. In April, he ordered authorities to come up with a new alphabet for the Kazakh language by the end of 2017.

The move is seen as an effort to emphasize Kazakh culture and distance the country from Russia, its Imperial-era and Soviet-era master.

Kazakhstan has used a Cyrillic-based alphabet for nearly 80 years.

In 1929, Soviet authorities replaced traditional Arabic-

based alphabets used by Muslim minorities in the Soviet Union with Latin-based national alphabets. In 1940, the Latin alphabet was replaced with Cyrillic, the alphabet used in the Russian language.

Former Soviet republics Azerbaijan, Turkmenistan, and Uzbekistan -- which, like Kazakhstan are Turkic-speaking nations -- abandoned Cyrillic scripts and switched to Latin-based alphabet in the early years after the Soviet breakup.

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 With Business

Important milestones in life

In all EU Member States, women leave their parental home and get married earlier than men...

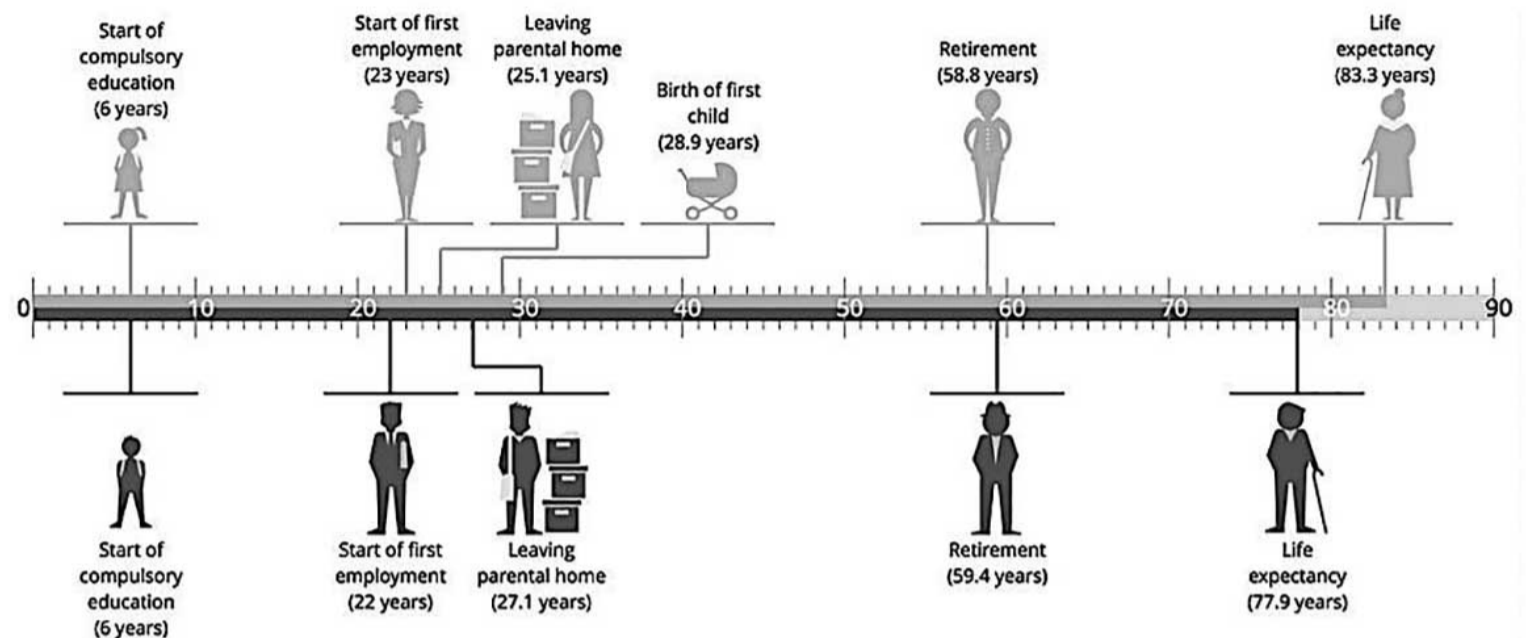
The FINANCIAL

Our life is filled with different milestones, such as starting school, entering adulthood by leaving the parental home and starting work, getting married, having children, retiring... and there are large differences between women and men.

The analyses of these milestones in life show, for example, that on average in the EU in 2016, women left their parental home two years earlier than men (at the age of 25 for women and 27 for men). Women also married earlier in almost all Member States, with an age difference at first marriage of more than 3 years in Bulgaria, Greece and Romania, while it was less than 2 years in Ireland, Lithuania, Portugal and the United Kingdom. Regarding the birth of the first child, women in the EU gave birth on average at the age of 29 in 2015, ranging from around 26 years in Bulgaria, Latvia and Romania to almost 31 years in Spain and Italy.

... and live longer than men

Another significant difference between women and men is life expectancy. In all Member States, women lived longer than men – the average in the EU was 83.3 years for women and 77.9 years for men in 2015, a difference of 5 1/2 years. Among the Member States, the difference between women and men ranged from 10-11 years in Latvia and Lithuania to just below 4 years in Denmark, Ireland, Cyprus, the Netherlands, Sweden and the United Kingdom.



5 % more women than men in the EU

As a result of a longer life expectancy, there are more women than men in the EU, with 105 women per 100 men (5 % more) in 2016. There were more women than men in nearly all Member States, with the largest differences in Latvia (18 % more), Lithuania (17 % more) and Estonia (13 % more), while Luxembourg, Malta and Sweden had slightly more men than women.

Looking at young people aged up to 18, the opposite pattern applies with 5 % more young men than young women of this age. On the other hand, among the older age group aged 65 and over, there were 33 % more women.

Seven times more women than men live alone with children

When looking at the way women and men live – in a couple, single, with or without children – quite some differences can be seen. In the EU in 2016, 7.7 % of women aged 25-49 lived alone with children, compared with 1.1 % of men of the same age. For singles without children in this age group, the share was 9.5 % for women and 16.1 % for men.

Another group where there are large differences between women and men is for singles aged 65 and over: the share of elderly women living alone (40.1 %) was twice the share for men (19.7 %).

For other groups, there are smaller differences. Among young people aged 15 to 24, 8.2 % of women and 7.8 % of young men lived alone. The same applies for those living in a couple: 44.9 % of women and 48.2 % of men aged 15 or over in the EU lived in a couple.

Men are more likely than women to perceive their health as good

The way people perceive their health is influenced by a complex set of factors, among others environmental, cultural and socio-economic conditions. Not surprisingly, the older you get, the lower is the perception of being in good health – this is the same for both women and men.

Looking at different age groups, it can be seen that for those aged 16 to 44, 86 % of women in the EU in 2014 felt they were in good health and 87 % of men. This decreased to 61 % of women and 65 % of men for those aged 45 to 64, and for those aged 65 and over to 35 % and 41 % respectively. In almost all Member States, a larger share of men than women had a perception of being in good health and the difference increased with age. It is also interesting to note that the difference between Member States also increased with age.

Causes of death

Cancer, ischaemic heart diseases (for example heart attack) and cerebrovascular diseases (for example stroke) are among the

three most common causes of death for both women and men in the EU.

For all three, deaths among men are more common than among women: in the EU in 2014, 349 men per 100 000 died of cancer compared with 201 for women, 171 men per 100 000 died of heart diseases compared with 94 for women and 93 men per 100 000 died of cerebrovascular diseases, compared with 79 for women.

Women and men are equally happy with their lives

As mentioned in this chapter, there are large differences in the lives of women and men, however, when measuring life satisfaction, the perception is almost equal. On average in the EU, women aged 16 and over rated their life satisfaction as 7.0 on a scale from 0 to 10 and men 7.1 in 2013. In most of the Member States, the ratings were either equal or there was a difference of 0.1.

The EIB Group Funds ProCredit Bank Under the EU4Business Initiative

The FINANCIAL

The European Investment Bank (EIB) and the European Investment Fund (EIF) – jointly the EIB Group – on October 26 signed the first guarantee agreements with ProCredit Holding and its subsidiaries in order to support EUR 100 million of lending to small and medium-sized enterprises (SMEs) in Georgia, Moldova and Ukraine under the EU4Business initiative.

These agreements will enable the ProCredit banks in these countries to facilitate access to finance for local SMEs by providing a 70% guarantee on each loan and subsequently extend financing on favourable terms, including with reduced collateral requirements. The three guarantee transactions are expected to unlock additional financing to small



and medium-sized businesses and ultimately to sustain jobs and new business opportunities in Georgia, Moldova and Ukraine. These guarantees are funded by the European Union through the Neighbourhood Investment Facility under the EU4Business initiative.

The EIB Group joins forces with the European Union to

strengthen economic development in the countries that have signed Association Agreements with the EU – namely Georgia, Moldova and Ukraine – by providing financial and technical support targeted at SMEs in these three countries. The EU supports private sector development in the Eastern Partnership countries through

its EU4Business initiative by enhancing access to finance for SMEs, improving the business environment and providing advisory services to local businesses.

Commenting on the transactions, EIB Vice-President Vazil Hudák with oversight for Ukraine and Georgia, said: "Support for SMEs is one of

the EIB Group's priorities because by funding them we are boosting economic growth, innovation and employment. These guarantee agreements with our long-standing partner ProCredit Holding and its subsidiaries will help us to reach SMEs in the countries that have signed an Association Agreement with the EU, increasing access to crucial long-term financing in order to help them continue to develop new projects and generate growth."

The EIB – the European Union's bank – is a AAA-rated, policy-driven EU financial institution raising funds in capital markets to on-lend to eligible investments supporting EU policies and priorities. The EIB passes on the financial advantage it obtains through benefits such as attractive interest rates and long maturities to projects that score highly in terms of EU objectives and are consistent

with the Bank's commitment to supporting sound, sustainable investments.

The EIF is part of the European Investment Bank Group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, the EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth and employment.

EU4Business is an EU initiative that helps SMEs in the six countries of the Eastern Partnership region (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine) to realise their full potential and boost economic growth.

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Cashing Out For Happiness

The FINANCIAL

ANYONE WHO'S INDULGED in retail therapy can affirm that money can't buy happiness—but according to new research from Harvard Business School, money can make people happier when they spend it to buy time.

Assistant professor of business administration Ashley Whillans has found that, in developed countries, people across the socioeconomic spectrum who trade money for time—by choosing to live closer to work, or to hire a housecleaner, for example—are happier.

"People have been trying to find ways to use their discretionary income to maximize their quality of life for a long time," Whillans says, citing extensive research that confirms the positive emotional effects of taking vacations and going out to the movies. "We were really interested in seeing if buying ourselves out of negative experiences might be another pathway to happiness that had been relatively unexplored."

According to the researchers, two key components of happiness make up people's subjective sense of well-being: how they describe their life on the whole; and how satisfied they feel in the moment, which the researchers measured by checking in with participants on the day of a given experience. Feelings of "time stress"—more common among the wealthiest individuals—also affect happiness. Higher-earners feel that every hour of their time is more financially valuable, and when something is perceived as valuable (like water in a desert, Whillans says), it is also perceived as more scarce. That scarcity translates into time stress, which can easily contribute to unhappiness.



To assess the impacts of buying one's way out of negative experiences, the team surveyed residents of the United States, Canada, Denmark, and the Netherlands, ranging from those who earned just \$30,000 per year (but reported that their basic life needs were being met) to middle-class earners and millionaires. Study participants in Vancouver, for example, were given \$80: half to be spent on a service that would save one to two hours, and half to be used for a material purchase,

like clothing or jewelry. After making a time-saving purchase—take-out food proved the most popular item—participants were more likely to report positive feelings and less likely to report feelings of time stress than after their shopping sprees.

Whillans did identify a caveat, however: recurrent time-saving purchases can eventually lead to complacency, which threatens future satisfaction from more such purchases. To minimize this "hedonic adapta-

tion," she suggests consciously filling those one to two saved hours with an activity people would otherwise not have time for. This creates an internal transaction in which the decision to get take-out rather than cook, for example, affords an hour or two for a pleasurable activity instead.

People who repeatedly report having positive daily experiences, Whillans found, are more likely to seek out the kinds of relationships and activities that, over time, can

lead to higher life satisfaction. Conversely, a person who deals with repeated stressors is less likely to have the mental and emotional resources for happiness-enhancing activities and socializing. The theory helps to explain why working single mothers, in particular, are likely to benefit from time-saving purchases, which offer them a way to obtain social support through the market economy that might otherwise be supplied by a partner who shares household chores or grocery shopping.

In Canada and the United States, where busyness is often flaunted as a status symbol, outsourcing tasks such as cooking and cleaning can be culturally challenging—people like to pretend they can do it all, Whillans admits. Women in particular find themselves stuck with a "second shift," returning from work to housekeeping chores and childcare. As a consequence, Whillans explains, women "have more educational opportunities than before, and [are] likely to be making more money and holding high-powered jobs," but their happiness is not increasing commensurately. Continuing research in collaboration with Brierley professor of business administration Michael Norton will explore the role of gender in making time-saving purchases, and its influence on relationship satisfaction and chore division at home. "The initial evidence," she says, shows that among couples who buy time, "both men and women feel less pulled between the demands of work and home life, and that positively impacts the relationship."

She hopes her research will ameliorate some of the guilt both women and men may feel about paying a housekeeper or hiring someone to mow the lawn—or ordering Chinese takeout on Thursday nights: after all, the benefits are quantifiable.

Concern over economic nationalism causing companies to re-think R&D investments

The FINANCIAL

Annual worldwide corporate R&D spending exceeded \$700bn for the last fiscal year amongst the top 1,000 global public companies, up 3% on the previous year. However, R&D leaders around the world are increasingly concerned about economic nationalism, and its potential to impact where companies invest in R&D and innovation.

The latest annual Global Innovation 1000 study by PwC's Strategy& analyses spending at the world's 1,000 largest publicly listed corporate R&D spenders. This year 562 R&D leaders globally were surveyed alongside this, finding that more than half (52%) believe a general move toward economic nationalism around the world would lead to at least a moderate or significant impact on their company's R&D efforts.

Major companies have been conducting some R&D outside their headquarters' countries for decades. But increasing attention on regulations and policies around visas, labour movement, and how to govern the sharing of knowledge and technology are causing some to question how sustainable their integrated global innovation networks are.

Nearly 33% of R&D executives surveyed report that they have already felt the effects of economic nationalism on their R&D talent acquisition or retention because of visa or work restrictions — either losing employees, seeing less talent available, or in hiring more local talent;

Although nearly 66% of all par-



ticipants surveyed say they have not experienced pressure to change their approach to innovation in their headquarters country to date, 23% say they have already experienced such pressure in another country;

Survey participants believe the US, UK, and China could be most at risk from potential changes in policy that could impact R&D investment;

and Canada, Germany, and France are likely to gain if protectionist policies broadly become a reality.

"To deliver innovation, many of world's largest companies rely on shifting talent, money, and ideas across borders. If policies in the major global economic powers start to focus more inwardly, however, this would cast uncertainty over companies' in-

novation plans and their current models would need to evolve", John Potter, partner in PwC's Strategy&, said.

"Uncertainty only serves to slow innovation. Given that R&D activities ultimately help to create the jobs, growth and wealth of our communities, we need to ensure clarity over policy to keep innovation centres around the world working effectively."

Global Innovation 1000: UK highlights

Thirty-six UK companies were part of the top 1,000 largest publicly listed corporate R&D spenders last fiscal year. They invested a total of \$23bn2 in R&D between them, accounting for 3.3% of the global total (\$700bn). They spent an average of 3.8% of their revenue on R&D (glob-

al average 4.5%), slightly increased from 3.1% the year before.

The healthcare industry continues to lead the way in the UK, investing nearly half (49%) of the total R&D spend. The automotive and aerospace and defense industries complete the top three for R&D spending by UK companies, investing 21% and 7% of the total respectively.

"Organisations that operate in and around the UK are rightly watching the ongoing Brexit negotiations closely and, as greater clarity emerges, that will drive decisions on investment bets to support medium and long-term plans", Marco Amitrano, UK consulting leader at PwC, commented.

"Innovation is essential for the future success of any economy, but here in the UK, the development of policy to maintain companies' ability to bring talent from abroad will be an area of critical debate and importance for business. We need to make sure that stronger borders don't mean weaker innovation."

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Weekly Market Watch



ECONOMY

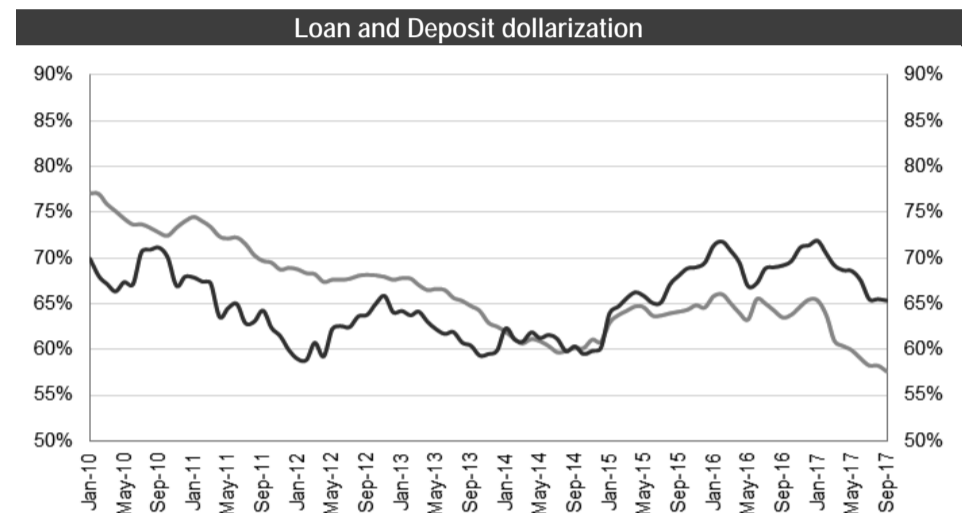
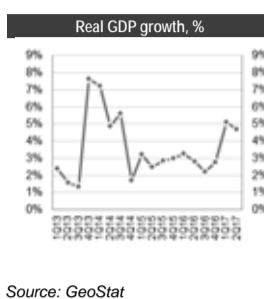
NPLs at 3.2% in September 2017

In September 2017, the banking sector loan portfolio increased 16.0% y/y after growing 13.6% y/y in previous month, excluding the exchange rate effect. In unadjusted terms,

loan portfolio was up 22.8% y/y and 3.0% m/m to GEL 20.2bn (US\$ 8.2bn). Deposits were up 18.4% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 23.2% y/y and up 3.2% m/m to GEL 18.3bn (US\$ 7.4bn). Deposit dollarization reached 65.4% (-3.8ppts y/y and -0.2ppts m/m). NPLs stood at 3.2% in September 2017 (-0.7ppts y/y and -0.2ppts m/m).

Key macro indicators			
	9M17	2016	2015
GDP (% change)	4.7% ⁽¹⁾	2.7%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US\$)	...	3,853	3,767
Population (mn)	3.7	3.7	3.7
Inflation (oop)	6.2%	1.8%	4.9%
Gross reserves (US\$ bn)	3.0	2.8	2.5
CAD (% of GDP)	...	12.8%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

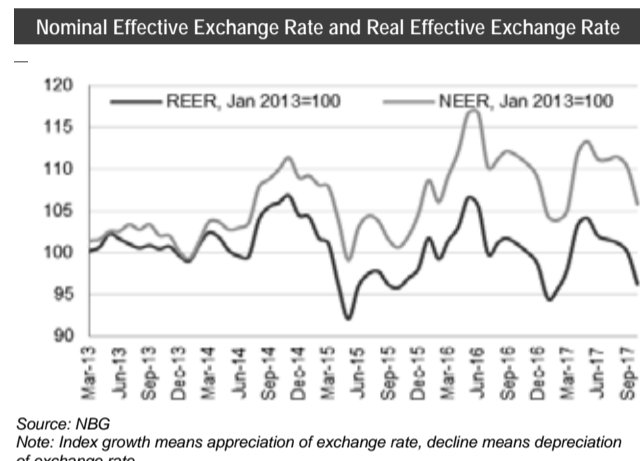
Source: Official data, IMF
(1) As of 8M17



NBG keeps its policy rate unchanged at 7.0%

At its meeting on 25 October 2017, NBG's monetary policy committee decided to keep the policy rate unchanged at 7.0%. The decision is based on the macroeconomic forecast, according

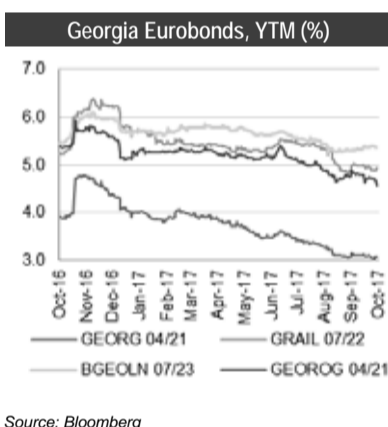
to which the inflation is expected to be above 4.0% target rate during 2017 due to one-offs, and the inflation will get close to the 3.0% target level in the beginning of 2018, once temporary factors expire. NBG added that the annual inflation was 6.2% in September 2017, however inflation was slightly below inflation forecast for 3Q17. NBG also noted that inflation expectations have not changed recently and it expects the key rate to gradually decrease to its neutral level in the medium term given the absence of additional factors affecting price level. The next committee meeting is scheduled for 13 December 2017 (NBG increased the key rate to 6.75% on January 25 and to 7.0% on May 2, and kept the rate unchanged at three previous meetings, on June 14, on July 26 and September 6).



FIXED INCOME

Corporate Eurobonds: BGEO Group Eurobonds (BGEO LN) closed at 5.4% yield, trading at 103.1 (+0.2% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.0 (unchanged w/w), yielding 11.0%. GOGC Eurobonds (GEORG) were trading at 107.1 (+0.6% w/w), yielding 4.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 111.6 (-0.2% w/w), yielding 4.9%.

Georgian Sovereign Eurobonds (GEORG) closed at 112.3 (-0.2% w/w) at 3.1% yield to maturity.



EQUITIES



BGEO Group (BGEO LN) shares closed at GBP 35.39/share (+2.70% w/w and +9.70% m/m). More than 278k shares traded in the range of GBP 34.38 – 35.61/share. Average daily traded volume was 55k in the last 4 weeks. FTSE 250 Index, of

which BGEO is a constituent, lost 0.02% w/w and gained 2.93% m/m. The volume of BGEO shares traded was at 0.71% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.22 (+1.18% w/w and +5.84% m/m). More than 99k shares changed hands in the range of GBP 16.75 – 17.33 share. Averaged daily traded volume was 32k

in the last 4 weeks.

Georgia Healthcare Group (GHG LN) shares closed at GBP 3.66/share (+4.57% w/w and +17.50% m/m). More than 214k shares were traded in the range of GBP 3.43 – 3.70/share. Average daily traded volume was 28k in the last 4 weeks. The volume of GHG shares traded was at 0.21% of its capitalization.

	Local bonds					Eurobonds				
	GWP 12/21	M2RE 10/19	Nikora 03/18	Nikora 06/19	GLC 08/20	GEBGG 06/20	GEORG 04/21	BGEO LN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	5.0	10.0	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	08/17	8/17	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	06/19	8/20	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	9.0	7.00	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB+/B-	-/-	-/-	-/-	n/a	BB-/Baa2	BB-/B+	BB-/B1	BB-/Baa2	B+/B+
Mid price, US\$	n/a	101.4	101.2	100.0	101.73	100.0	107.1	103.1	112.3	111.6
Mid yield, %	n/a	6.75%	8.5%	9.0%	6.50%	11.0	4.5	5.4	3.1	4.9
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	256.3	112.1	288.4	322.8

* Source: Bloomberg
*GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari
**Coupon rate 3.5% over the NBG's refinancing rate

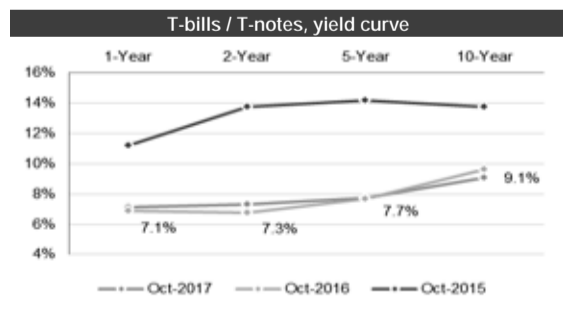
Eastern European sovereign 10-year bond performance					
Issuer	Amount, US\$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid yield, %
Georgia	500	6.875%	12/04/2021	BB-/BB-/Baa3	3.1
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Baa1	4.3
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	0.1
Croatia	1,250	3.875%	30/05/2022	BB/BB/Baa2	1.1
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	2.7
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	2.9
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Baa1	2.6
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Baa1	3.9

Source: Bloomberg

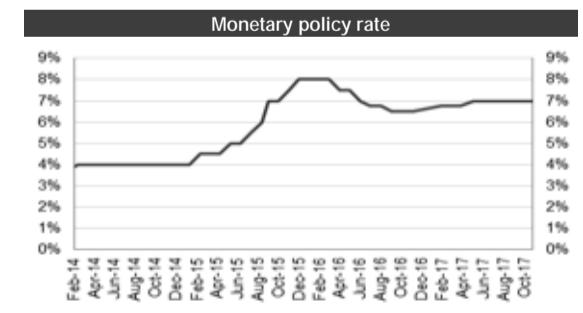
MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,050mn (US\$ 414.7mn).

Ministry of Finance Treasury Notes: 5-year GEL



20.0mn (US\$ 7.9mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on October 25, 2017. The weighted average yield was fixed at 7.718%. The nearest treasury security auction is scheduled for November 1, 2017, where GEL 20.0mn nominal value 1-year T-Bills will be sold.



WEEKLY MARKET WATCH EXCLUSIVELY PROVIDED TO THE FINANCIAL BY GALT & TAGGART

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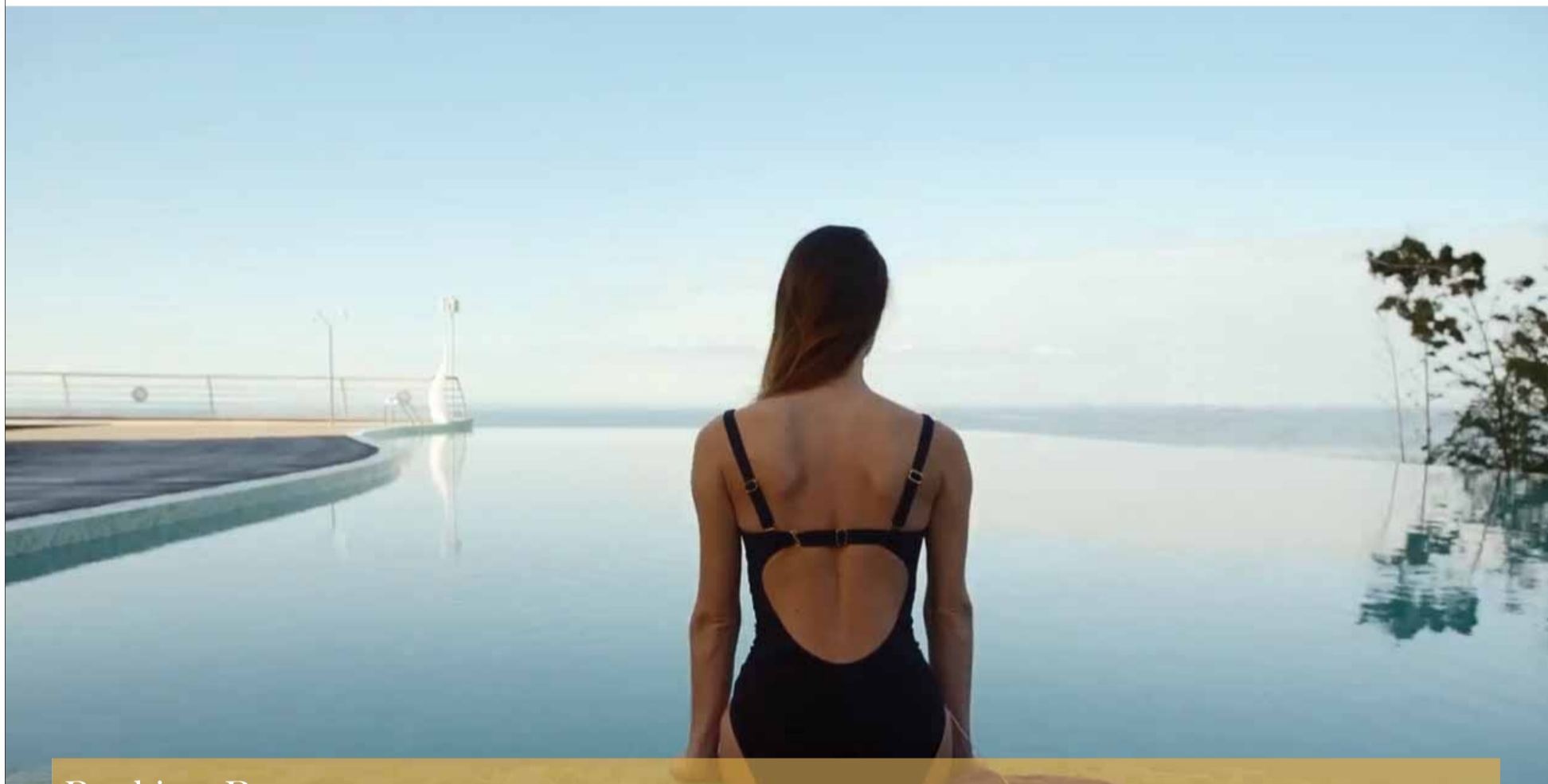
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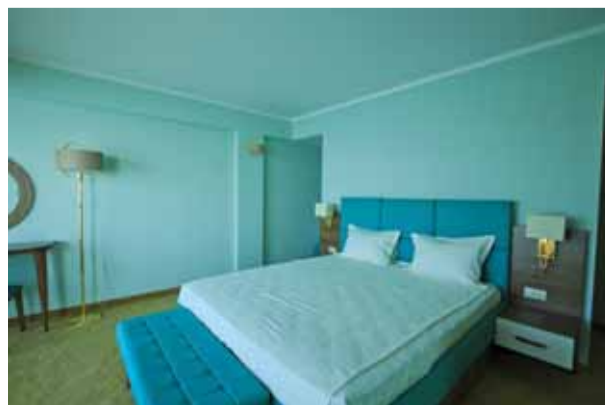
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PUBLIC DISCUSSIONS WITH CONSTRUCTION INDUSTRY REPRESENTATIVES ABOUT URBAN PLANNING OF THE CITY IS PARTICULARLY IMPORTANT, AND HAS BEEN SERIOUSLY LACKING IN TBILISI. POPULATION SHOULD KNOW THE PROJECTS THAT WILL BECOME PART OF TBILISI IN THE NEAR FUTURE. IT IS IMPORTANT TO KNOW WHAT ROLE COMPANIES WILL TAKE IN DEVELOPING GREEN SPACES AND RECREATIONAL ZONES AND WHAT KIND OF ENVIRONMENT THEY ARE GOING TO OFFER TO TBILISIANS.

I AM PLEASED TO WELCOME THE CONSTRUCTION FORUM THAT IS PLANNED IN NOVEMBER, AND I AM CALLING ON ALL INTERESTED PEOPLE TO JOIN URBAN GEORGIA – FORUM TO PROVIDE INPUT IN MAKING TBILISI A CITY FULL OF LIFE. (MORE INFO TO BE FOUND AT: [HTTPS://URBANTBILISI.EVENTGRID.COM/](https://urbantbilisi.eventgrid.com/))

KAKHA KALADZE,
MAYOR OF TBILISI

