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Divide growing between rich and poor for school language learning

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Consumer climate remains stable

The FINANCIAL

The trade conflict between the EU and the USA is intensifying and leaves a clear mark on the consumer mood in Germany in June. Economic optimism clearly declines, while both income expectations and propensity to buy manage to hold their ground with slight upward growth. GfK forecasts that the level will remain unchanged in July in comparison to the previous month at 10.7 points.

The route taken by the US President in terms of the trade policy towards the EU is causing concern, especially where economic expectations are concerned.

Continued on p. 4

CURRENCIES

	June 30	June 23
1 USD	2.4516	▲2.4578
1 EUR	2.8537	▲2.8597
100 RUB	3.9019	▼3.8955
1 TRY	0.5348	▼0.5207

Real Esate = Real Investment

Irakli BARBAKADZE
ISET

Summer is a good time for traveling to the sea, but now I want you to join me in the journey in time. A memory from my childhood in the early 2000s was the discussion among people about the choice between "Khrushovka" and "Chekhuri." Households were buying flats and making investments in real estate. It is difficult to explore the real reasons why people prefer real estate over other types of investments, but the some of the standard arguments which I was hearing were the following: "if something happens it is still a real estate," "at least I will have a shelter," "there is no other alternative," "my son will get married soon," and many others. Honestly, I do not know what was the argument behind the decision my uncle made 15 years ago when he bought a flat with his saved money. But I know for sure that during this period he was earning monthly rental income and eventually he sold out his flat in a lucrative deal.

To go back to today's reality, a more or less similar situation is observed, but instead of choosing between "Khrushovka" and "Chekhuri," the choice is between development companies and districts.. So, investment in real estate still considered to be a sound type of investment, and all these details are just a matter of taste.

Continued on p. 6

Of the 10.3 million farms in the EU, two thirds are less than 5 ha in size

The FINANCIAL

A little over 171 million hectares of land in the European Union (EU) were used for agricultural production in 2016 – about 40% of the EU's total land area. This supported about 10.3 million farms and farm managers.

Although numerous, most of the EU's farms were small in nature, two-thirds being less than 5 hectares (ha) in size.

In contrast, the 3% of EU farms of 100 ha or more in size worked over half of the EU's utilised agricultural area.

Only 11% of farm managers in the EU were younger than 40 years old, in contrast to one third (32%) who were 65 years of age or older.

This information, published by Eurostat, the statistical office of the European Union, comes from provisional results for the 2016 EU Farm Structure Survey and is the latest snapshot available. This survey helps better understand the structure of agricultural holdings in the EU, important for the Common Agricultural Policy.

Continued on p. 10

After Assad Debacle, Syrian Opposition backs Georgia

Precisely a month after Georgia has severed diplomatic relations with the Damascus following Assad regime's decision to recognize Abkhazia and South Ossetia, Tbilisi has scored a point by achieving the backing of the Syrian opposition for its territorial integrity.

Georgian Public Television has quoted Nasr al-Hariri, President of the Syrian High Negotiation Commission, mentioning that the Syrian opposition upholds the "red lines" of international law – "unity, territorial integrity of Syria and the unity of Syrian people" and thus, by the same token, wants "these principles to be respected both related to us and to other countries. Therefore, we support Georgia's territorial integrity.

Continued on p. 11

Study reveals 60% of employed people with severe migraine miss

The FINANCIAL -- Basel, June 27, 2018 - Novartis and the European Migraine and Headache Alliance announced initial findings from the largest global migraine patient study to date, involving over 11,000 people from 31 countries.

Migraine is a neurological disease which can vary in severity with symptoms ranging from head pain, nausea, vomiting to sensitivity to light. The My Migraine Voice study included people who had at least four migraine days per month with nearly 90% having tried at least one preventive treatment.

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CURRENT PRICES ON GASOLINE AND DIESEL

2 JULY, 2018, GEORGIA

Gulf

	Prices in GEL
G-Force Super	2.58
G-Force Premium	2.44
G-Force Euro Regular	2.39
Euro Regular	2.34
G-Force Euro Diesel	2.49
Euro Diesel	2.44
CNG	1.46

WISOL

	Prices in GEL
Eko Super	2.62
Eko Premium	2.52
Eko Diesel	2.52
Euro Diesel	2.48
Euro Regular	2.42
Diesel Energy	2.42

ლუკოილი

	Prices in GEL
Super Ecto 100	2.60
Super Ecto	2.53
Premium Avangard Ecto	2.36
Euro Regular	2.26
Euro Deasel	2.36

SOCAR

	Prices in GEL
Nano Super	2.58
Nano Premium	2.48
Nano Euro Regular	2.38
Nano Diesel	2.38
Nano Euro Diesel	2.48
GNG	1.45

ROMPETROL

	Prices in GEL
Efix Euro 98	2.62
Efix Euro Premium	2.52
Euro Regular	2.42
Efix Euro Diesel	2.48
Euro Diesel	2.42

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AGRINDEX

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AGRINDEX – JUNE REVIEW

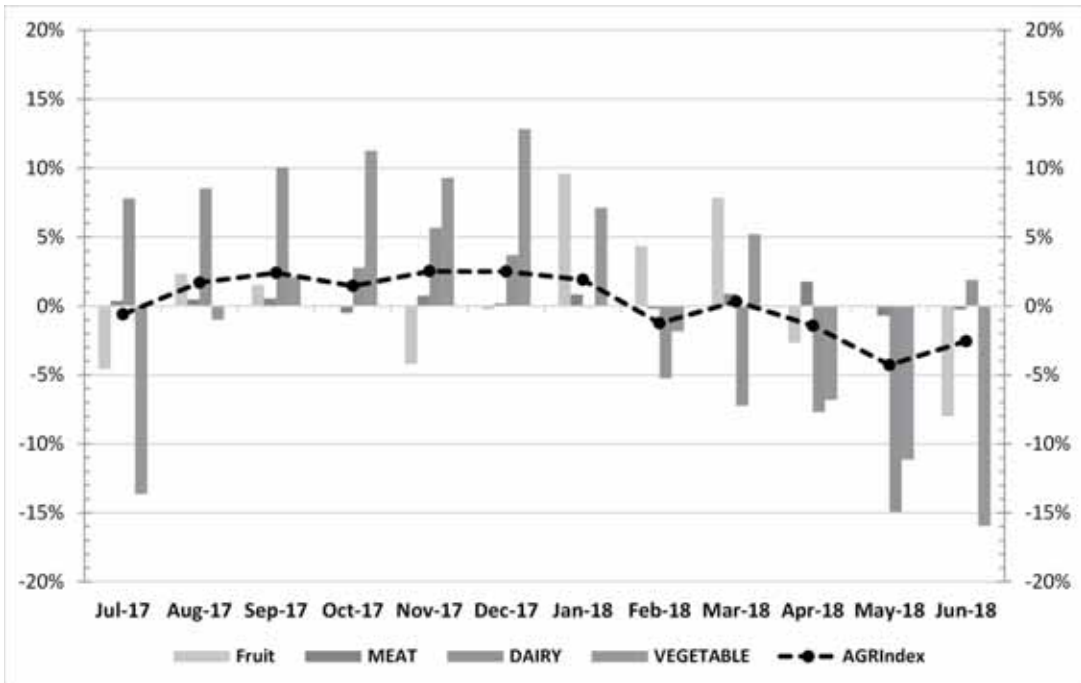
In June 2018, the **AGRIndex** declined by -2.54%. The main driver of this change was a -16.0% fall in **VEGETABLE** prices. **FRUIT** (-8.0%) prices also fell significantly, while **MEAT** (-0.1%) prices were practically unchanged, and **DAIRY** products gained +1.9% of their May 2018 prices.

In y/y terms, after a steady decline since last November, the gap between the current **AGRIndex** and its 12-month-old counterpart widened again and reached +2.49% in May 2018.

Highest increase: In June 2018, and likewise in the previous month, citrus fruits were the biggest price-gainers. Orange prices increased by almost 17%, while lemon prices increased by nearly 15%. Furthermore, in total, in the last 12 months, lemon prices have added almost half to their June 2017 values, probably due to the sharp drop in production (1.4 thousand tons in 2017, versus 3.0 thousand tons in 2016, according to GeoStat).

Highest drop: In June 2018, compared to May 2018, domestically produced peaches and nectarines each lost about two-fifths of their May values as these stone fruits entered the high harvesting season, and other main seasonal fruits (substitutes for peaches and nectarines), like watermelon, other melons, and cherries, are also widely available on the market.

Graph #1 - m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data Source: The Ministry of Environment Protection and Agriculture of Georgia

Real Esate = Real Investment

See on p. 6

Debt mainly held by non-residents in half of the EU Member States

The FINANCIAL

Long-term initial maturities largely prevail across Member States. Significant differences can be observed across the European Union (EU) regarding the sector in which government debt is held. Among Member States for which data are available, the share of public debt held by non-residents in

2017 was highest in Cyprus (82%), followed by Lithuania (73%), Latvia (68%), Finland, Austria and Slovenia (all 67%). In contrast, the largest proportion of debt held by the (resident) financial corporations sector was recorded in Sweden and Denmark (both 69%), ahead of the Netherlands, Malta and Italy (all 62%).

Generally across the EU, less than 10% of debt was held by the resident non-financial sectors (non-financial corporations, households and non-profit institutions serving households), with the noticeable exceptions of Malta (26%), Hungary (20%), Portugal (13%) and Ireland (11%).

Highest shares of short-term initial maturity in Sweden, Hungary and Portugal

With almost 25% of total government debt having a term below one year, Sweden registered the highest proportion of short-term initial maturities of debt among the Member States in 2017, ahead of Hungary (18%) and Portugal (17%). Italy (13%), Denmark (11%), Finland and France (both 10%) also recorded shares of short-term maturity debt around or above 10%. At the opposite end of the scale, almost all of the debt was made up of long-term maturities in Bulgaria, Lithuania, Poland and Slovakia.

General government gross debt mainly financed by debt securities in most Member States

In 2017, debt securities were the main financial instrument in almost all Member States. This was notably the case in the Czech Republic (92% of total general government debt) and Malta (91%), followed by Hungary (88%), the United Kingdom and Slovenia (both 87%), Slovakia (86%), France and Spain (both 85%) as well as Italy (84%). In contrast, loans largely prevailed in Estonia, Greece and Cyprus, where they accounted for 85%, 81% and 64% respectively. The use of loans was also relatively high in Luxembourg (33%), Croatia (32%), Portugal (31%) and Sweden (29%). Currency and deposits generally made up a relatively small share of debt, except in Ireland, the United Kingdom (both 11%), Portugal (10%) and Italy (8%).

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Consumer climate remains stable

The FINANCIAL

The trade conflict between the EU and the USA is intensifying and leaves a clear mark on the consumer mood in Germany in June. Economic optimism clearly declines, while both income expectations and propensity to buy manage to hold their ground with slight upward growth. GfK forecasts that the level will remain unchanged in July in comparison to the previous month at 10.7 points.

The route taken by the US President in terms of the trade policy towards the EU is causing concern, especially where economic expectations are concerned. These suffered clear losses. In contrast, the income expectations and propensity to buy are managing to hold up, even making slight gains in June. The consumer climate remains stable as a result.

Trade conflict causes economic expectations to slide further

Following the stable development in the previous month, economic expectations saw a notable decline in June. The indicator dropped 14.1 points to 23.3 points. The last time it showed such a low value was over a year ago, in March 2017, when it stood at 18.1 points. This represents a drop of 18 points compared with last year.

The American President's protectionist trade policy, which affects both Germany and other export-oriented countries such as China, casts further gloom over the economic forecast. As a consequence of this weakening, economic experts are currently predicting that the economic dynamics of the global economy will decline. This will naturally also affect Germany as an export nation. Both the German Institute for Economic Research (DIW) and the ifo Institute assume that the German economy will drop down a gear this year. They have therefore revised down their GDP (Gross Domestic Product) forecast for this year by around half a percent. They now forecast a growth this year of 1.9 and 1.8 percent respectively.

Income expectations stay strong in a more unsettled economic environment

Despite the worsening economic prospects, income expectations were able to hold their ground in June and even exceeded once again what was already an excellent level. Following an increase of 3.4 points, the indicator currently stands at 57.6 points. The last time the level rose higher than this was in August 2017, when it reached 61.4 points.

The ongoing excellent employment prospects are apparently outweighing the current negative global economic influences on the indicator. In addition, both workers and pensioners can hope to see respectable income gains this year. Even the recent rise in inflation rates does not seem to have made much of an impression on consumers so far.

Propensity to buy in the wake of stable income expectations

Consumers' propensity to buy has also profited this month from the very stable trend in income expectations. At 56.3 points, the indicator has maintained a very good level. Compared to the previous month it even achieved a slight increase of 0.4 points. The trend currently shows a sideways movement.

The propensity to buy is still benefiting from an employment market that is in good shape. Employment is up and there has been another slight fall in unemployment. Furthermore, there is also little fear of job losses among employees. This leads to planning security, especially where bigger purchases or spending is concerned.

The jump in the inflation rate in May this year to 2.2 percent, which was mainly due to a significant rise in energy prices, has apparently not yet had any effect on propensity to consume.

Consumer climate unchanged

For July 2018, GfK forecasts that the level will remain unchanged at 10.7 points. This means that the consumer climate is stabilizing after two slight declines in a row.

In contrast to the excellent domestic conditions, such as employment and income development, the domestic economy looks likely to suffer from the escalating trade conflict with the USA coupled with the higher inflation rates, which rose to 2.2 percent in May. Even if this may just be a temporary rise, it can be assumed that it could have negative effects on the real development of private consumer spending. Since the global economy is also slightly less dynamic at present, GfK is revising its consumer forecast issued at the beginning of this year from 2 to 1.5 percent.

However, the consumer economy in Germany remains intact, even if it is slightly less dynamic. This will also depend on whether the new government in Italy fans the flames of the Euro crisis once more and whether the conflict about refugee policy in Europe can be settled

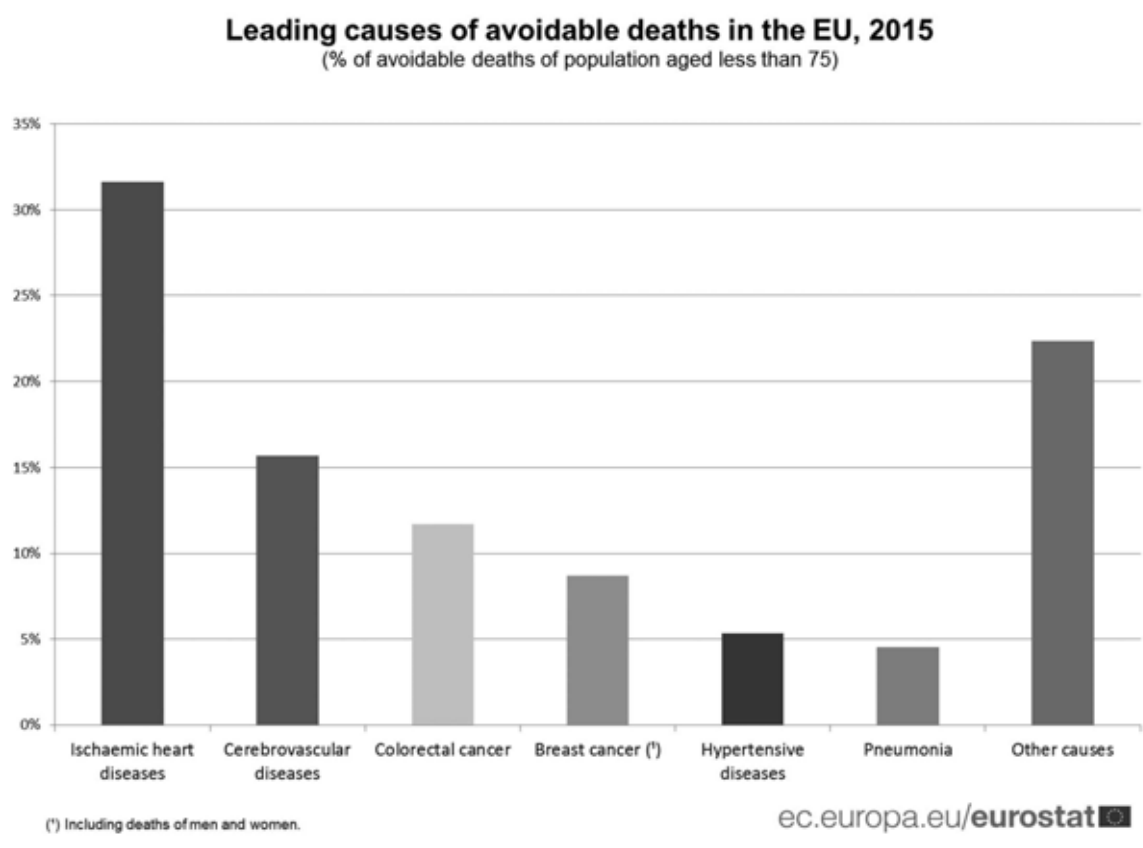
Are 570 000 deaths per year in the EU avoidable?

The FINANCIAL

In the European Union (EU), 1.7 million persons aged less than 75 died in 2015. Of those, more than 570 000 (or 33.1% of total deaths) could be considered as untimely. In other words, 1 death out of 3 in the EU could have been avoided in the light of medical knowledge and technology.

Heart disease main category

Heart attacks (more than 180 500 avoidable deaths or 32% of total avoidable deaths of persons aged less than 75) accounted by far for the largest share of potentially avoidable deaths in the EU. They were followed by strokes (more than 89 600 deaths, or 16%), colorectal cancers (more than 66 800 or 12%), breast cancers (around 49 900 or 9%), hypertensive diseases (30 400 or 5%) and pneumonia (almost 26 000 or 5%).



Largest shares of avoidable deaths in Romania, Latvia and Lithuania, lowest in France

The proportions of potentially avoidable deaths through optimal health care vary considerably between EU Member States. The highest shares of avoidable deaths were registered in Romania (48.6%) and Latvia (47.5%), followed by Lithuania (47.0%) and Slovakia (44.2%). On the other hand, the share was below a quarter in France (23.6%) and between 25% and 30% in Belgium (26.0%), Denmark (26.6%), the Netherlands (28.1%), and Poland (29.9%).

Buying into bitcoin: here's who does it

The FINANCIAL

If you're a digitally savvy 35-year-old professional Turkish man it's far more likely you'll own or use a digital currency like bitcoin than if you were a Belgian woman of 65, for example.

This is according to ING research that found people are divided on the use and future impact of cryptocurrencies. Just nine percent of Europeans own bitcoin or similar and only 16% expect to buy any in the future.

Those that do buy into the trend are more likely to be younger (aged 25-44), male and from a country with a lower per-capital income such as Turkey or Romania.

The ING international survey into mobile banking and cryptocurrency questioned 15,000 people in 15 countries in Europe, the US and Australia.

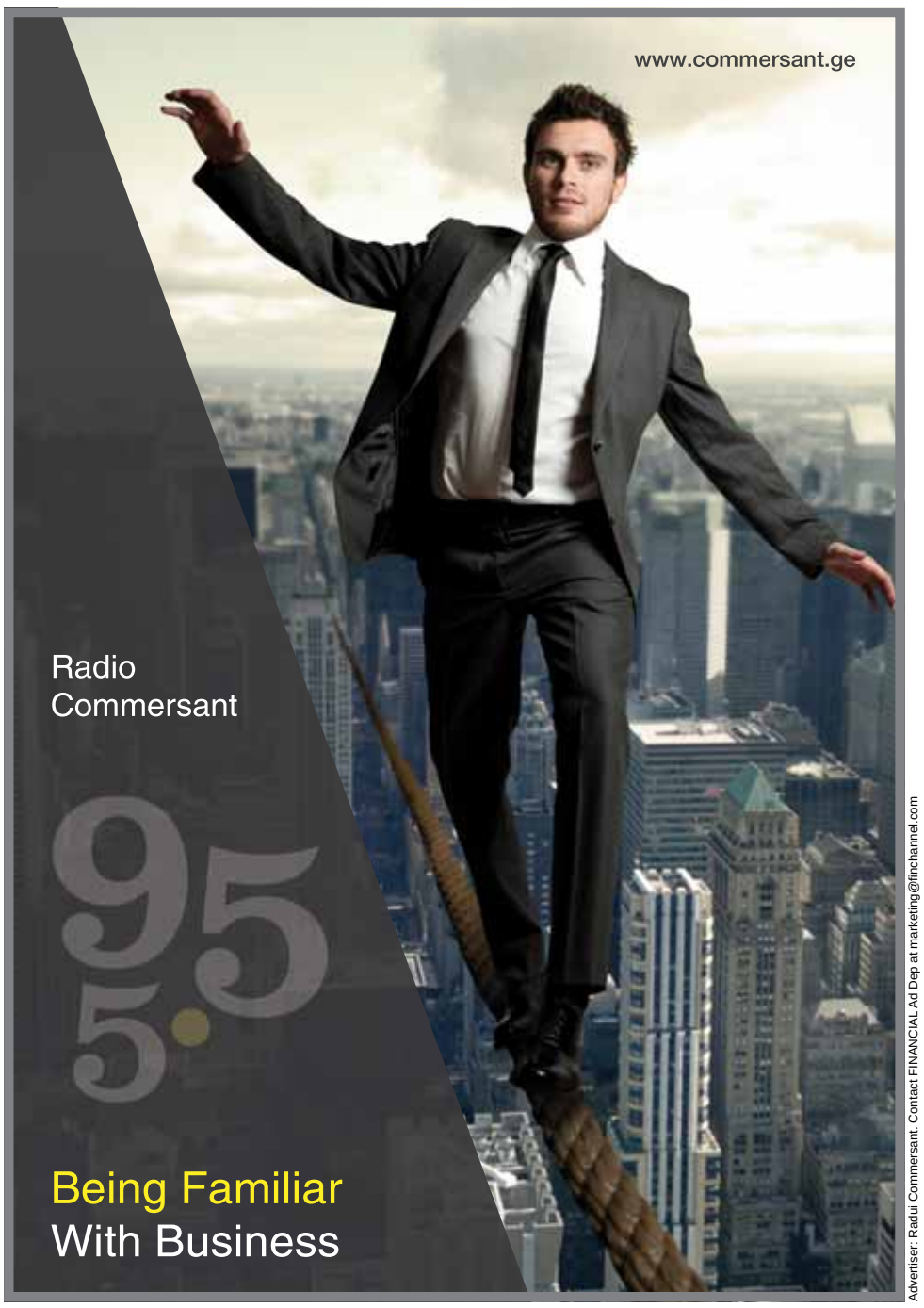
Unsurprisingly, awareness of cryptocurrencies was highest among those who already use mobile banking. In addition, it varied from country to country, with 79% of Austrians having heard of bitcoin, but only 38% of Belgians. Men were also more familiar (77%) with it than women (55%). However, there was little difference between age groups, ranging from 60% of people over 65 saying they were familiar with it to 69% of those aged 25-44.

Buy, sell, invest

Despite the media hype around bitcoin, the survey found most people see cryptocurrencies as too risky to invest in. One in three Europeans said they would never do so, with 46% rating them as riskier than the share market. There is also a perception that they are difficult to understand and require expert financial advice.

Despite the growing popularity of cash-free transactions, only a minority would consider using a digital currency to pay for their coffee (23%), electricity bill (21%) or save for their children's university fees (20%). Even fewer would want their salary to be paid in bitcoins.

However, one in three would consider using bitcoins to pay for items purchased online from another country.



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Real Esate = Real Investment

Continued from p. 2

Irakli BARBAKADZE
ISET

Summer is a good time for traveling to the sea, but now I want you to join me in the journey in time. A memory from my childhood in the early 2000s was the discussion among people about the choice between "Khrushovka" and "Chekhuri." Households were buying flats and making investments in real estate. It is difficult to explore the real reasons why people prefer real estate over other types of investments, but the some of the standard arguments which I was hearing were the following: "if something happens it is still a real estate," "at least I will have a shelter," "there is no other alternative," "my son will get married soon," and many others. Honestly, I do not know what was the argument behind the decision my uncle made 15 years ago when he bought a flat with his saved money. But I know for sure that during this period he was earning monthly rental income and eventually he sold out his flat in a lucrative deal.

To go back to today's reality, a more or less similar situation is observed, but instead of choosing between "Khrushovka" and "Chekhuri," the choice is between development companies and districts.. So, investment in real estate still considered to be a sound type of investment, and all these details are just a matter of taste.

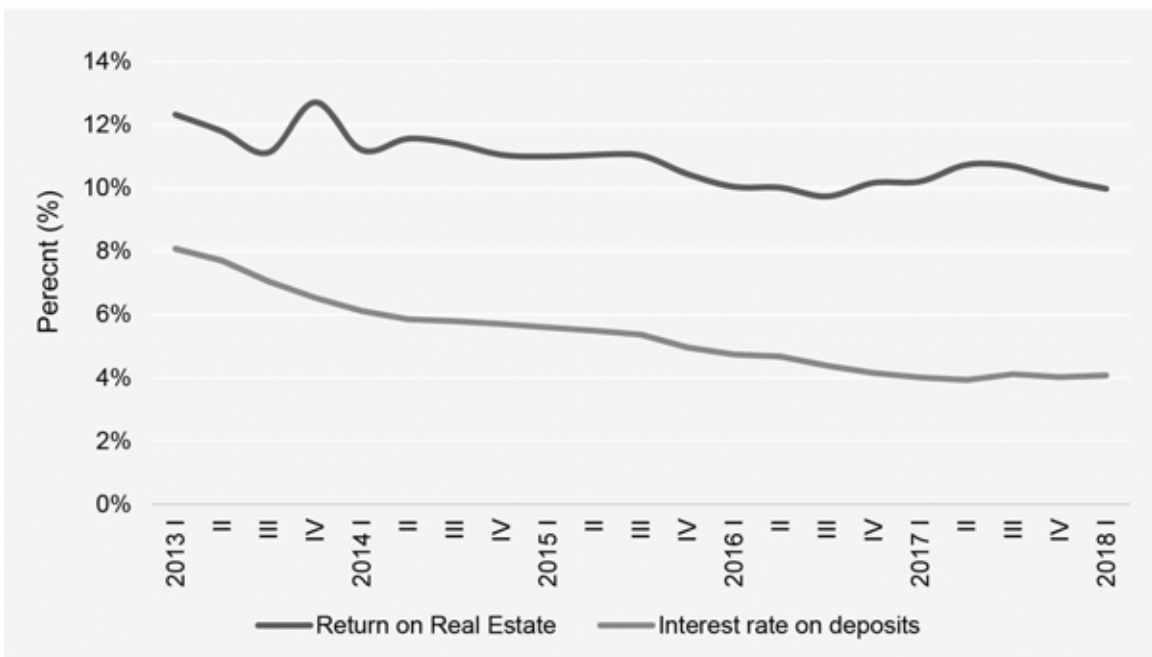
Hope the journey in time was informative, but the real reasons why people invest in real estate instead of other types of investment still needs further elaboration. There are several arguments as to why investing in real estate can be preferable. One is that investing in real estate can be much easier to understand than complex investments. The underlying idea is that real estate involves the purchase of physical property and most people are familiar with real estate to some degree. The other more prominent argument is that real estate is a hedge against inflation. Real estate reacts proportionately to inflation. As inflation goes up, housing values and rents go up as well. This corresponds to my uncle's example. 15 years ago in the nominal term, the price of a standard flat in Tbilisi was about six to seven times lower than what it would cost today, but at the same time, prices in general and on real estate have gone up as well. Thus, buying a flat 15 years ago at a lower price and selling it today at a higher price keeps purchasing power relatively stable.

Together with above-mentioned arguments, there are still many other factors affecting household investment decisions. Most importantly, real estate is not a standard investment product; it is also a significant part of household consumption. Real estate can be easily transformed from an investment product to a consumption good, or vice versa. As an investment product, return on real estate plays an important role in this process.

ISET Policy Institute regularly publishes a quarterly report about the real estate market in Georgia. The report covers important indicators of the real estate market and gives answers to many interesting questions, such as how many real estate sales transactions happened in that quarter, which regions are more active in terms of sales transactions, how prices on commercial and residential property change over time, which districts of Tbilisi are the most expensive and which ones are the cheapest, and so on. The information about rental and sales prices can be used to calculate return on real estate investment.

$$Return\ on\ real\ estate = \frac{(Average\ rental\ price) * 12}{Average\ sale\ price}$$

Graph #1. Return on real estate and deposits interest rate



Source: ISET REMLab, National Bank of Georgia

It should be kept in mind that in this blog, we are observing the rental and sale prices on residential properties only in Tbilisi. On its own, the Tbilisi real estate market is almost 40% of the whole real estate market in Georgia.

Graph #1 shows that overall, the return on real estate, as well as the interest rate on deposits, have been on a downward trend, but more importantly, return on real estate is always higher than deposit interest rates. During the last five years, the average gap between these two rates was 5.5% in favor of return on real estate. This means that on average, the return on real estate generates two times more return compared to fixed-term deposits. While investing in real estate provides high returns, it is also characterized by some limitations, such as lower liquidity and higher transaction and maintenance costs.

The other special characteristics of real estate is that it is a fixed/non-movable asset. This means that the location of the real estate matters, especially when we treat real estate as an investment. Graph #2 compares the returns on real estate in different districts. Investing in real estate is the most profitable in Isani. This means that in Isani, you can earn relatively more from renting your apartment. Krtsanisi and Nadzaladevi also provide more than the average return in real estate investment. The least profitable investment in real estate was recorded in Saburtalo. This is mostly due to the relatively high sales prices in Saburtalo. In terms of sales prices, Saburtalo ranked as the third most expensive district, after Mtatsminda and Vake. It should be mentioned as well that in 2016, Saburtalo was still placed last for real estate returns. In 2016, for Saburtalo the return on real estate was even lower 9.2%. But on the other hand, we observe that there is not significant volatility in returns across districts. This means that return on investment in real estate is more or less the same in different districts.

The profitability of investing in real estate has already been discussed, but as we all know real estate is not the only option. The World Economic Forum (WEF) provides a

Continued on p. 15

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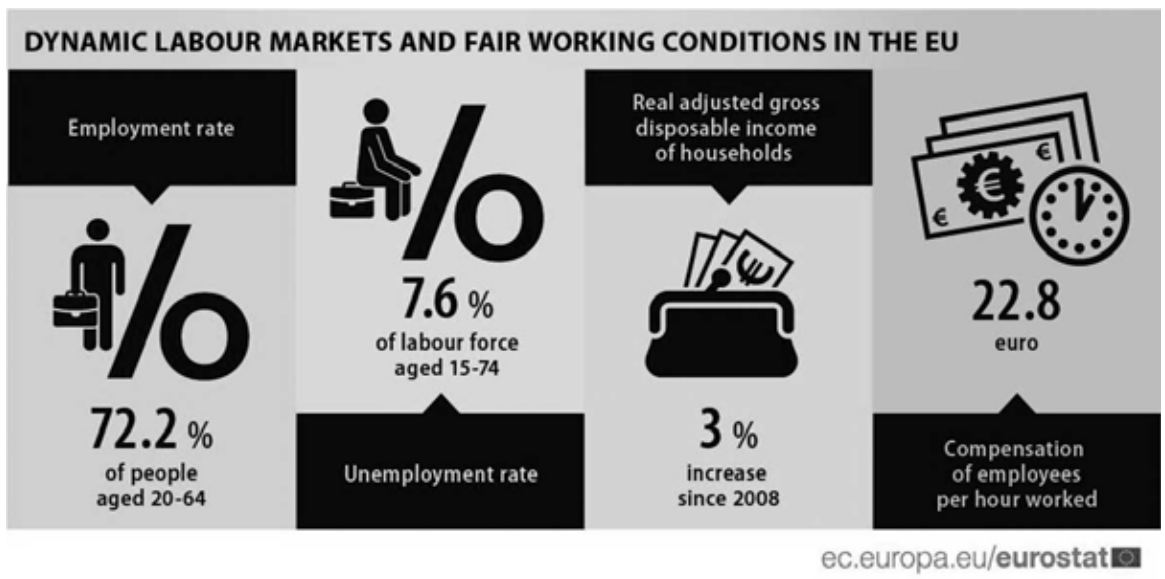

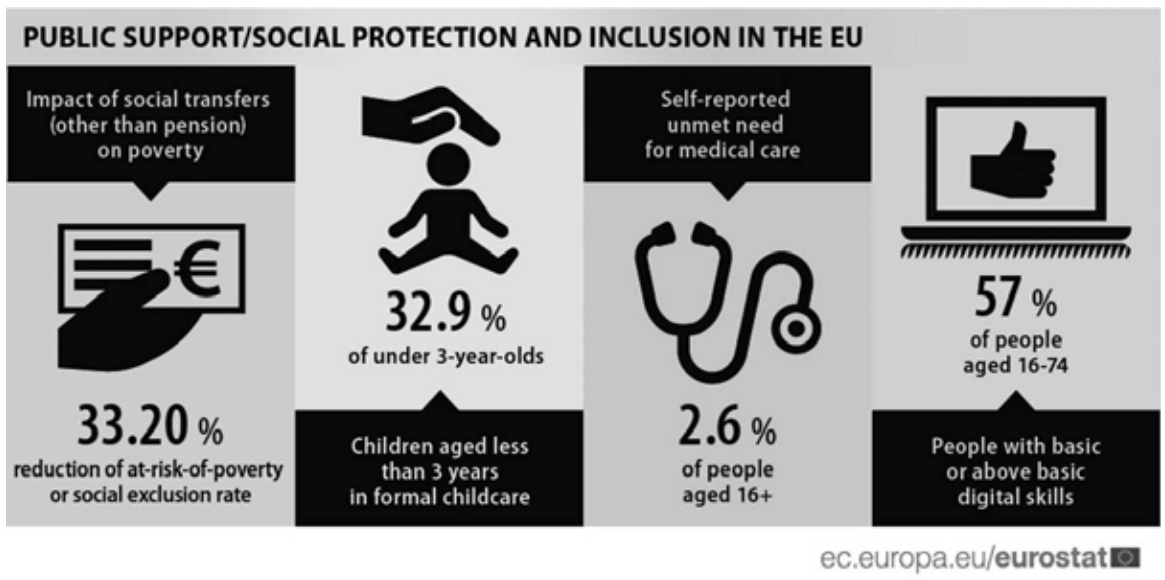

Divide growing between rich and poor for school language learning

The FINANCIAL -- Pupils in poorer areas in England are more likely than their peers to be missing out on the chance to learn a foreign language as they progress through school, says a new report from the British Council.

The Language Trends Survey 2018 found that schools in the most disadvantaged circumstances – with the highest proportion of pupil eligibility for free school meals – are over three times more likely to have low participation at GCSE level and no plans for this to improve, when compared with schools with a pupil cohort in the most affluent circumstances.

On the ground, this translates to a widening gap between those schools that are prioritising languages and those where uptake is low and showing little sign of improvement.

As part of the Government's policy to encourage uptake of language subjects it has set a target for 75% of pupils to obtain the English Baccalaureate by 2022, which requires a good GCSE in a language. Many schools are making progress in line with this target, with the number of state schools where at least three-quarters of pupils learn a language at GCSE level increasing in the last year from 24% to 29%, while 82% of independent schools have more than three quarters of their year 10 pupils taking a language.

However, at the other end of the spectrum, the number of state schools where only up to a quarter of pupils study languages at GCSE – and have no plans for this to improve - has risen from 19% to 23% in the last year, and it is these schools that are three times more likely to be in the most disadvantaged circumstances.

The survey also found that schools in the most disadvantaged circumstances are more than twice as likely to dedicate less teaching time to languages at Key Stage 3 level, the last phase of schooling where these subjects are still compulsory for all 11 to 14 year olds.

Analysis of examination data found that overall across England the number of pupils taking a GCSE in a modern language subject fell from 49% to 47%, with a third (33%) of all students obtaining a grade C or above.

This year's report also reveals that while there appears to be consensus that the introduction of the more rigorous GCSEs may create better linguists, the new exams may put off lower ability pupils from taking language subjects. 68% of state schools and 49% of independent schools said that lower ability students were less likely to take a languages GCSE than previously.

Other key findings in the report include:

Boys are far less likely to take a language than girls. At A Level, 63% of candidates are female and 37% male, while the split at GCSE is 56% and 44%.

Uptake of French and German at GCSE and A Level has dramatically fallen over the last two decades while there has been a significant rise for Spanish. These trends have continued this year, with French and German both falling to a new low of 8,300 and 3,300 entries respectively at A Level, while Spanish has risen to 7,600 entries. The report predicts that based on current trends, Spanish will overtake French as England's most widely taught modern language at A Level by 2020 and at GCSE by 2025.

A perception that languages are less important than other subjects has emerged, with just over a third (34%) of state secondary schools reporting that there has been a negative impact on student motivation or parental attitudes towards learning languages as a consequence of the decision to leave the European Union.

In primary schools the national picture is relatively consistent with last year. Around 80% of schools allocate on average 30 minutes to an hour per week for language learning, although teachers report that this is often irregular or eroded by other priorities.

Greek PM: Europe must unite to tackle inequalities

The FINANCIAL -- Greek Prime Minister Alexis Tsipras wants European nations to unite to tackle inequalities and marginalisation across the continent. He also dismissed the idea that countries can address these issues without working together as "appalling and delusional".

Speaking to an audience at London Business School (LBS), Tsipras said: "Unemployment, poverty, inequalities and marginalisation are part of our European reality. And we need answers. We need policies to address them, because they are far removed from the European ideals that brought us together, according to LBS.

"Some might say, 'Let Europe and its institutions crash and burn. Each one of us can face those issues alone. We can even hide in our shells and watch the others stumble.' This thought is both appalling and delusional.

"It's appalling because it forces the clock of history to turn back to our most troublesome period [the aftermath of World War One], when each nation tried to impose its will on other countries. An era that brought agony and despair to the people of Europe. It's delusional, because in this era of globalisation everything is intertwined: markets, trade, industry and, of course, people."

Tsipras called for the European Union (EU) to be reformed to create a more open and democratic Europe that sweeps away the "tidal wave of right-wing populism and isolationism".

"In order to block the prevalence of chauvinism, racism and xenophobia in Europe, we need a fundamental renewal of EU institutions and decision-making processes," he said during the LBS event 'In Conversation with H.E. Alexis Tsipras, Prime Minister of the Hellenic Republic'.

"We need to open the doors of our institutions and let in a breath of fresh air. We have to think of ways to render these institutions accountable. Without accountability there can be no true democracy."

The statesman added that greater solidarity in Europe would give nations the platform to combat unemployment, provide more welfare services to society's most vulnerable and invest further in research and development, according to LBS.

On Brexit, Tsipras said he respected the UK's decision to leave the EU but strongly disagreed with it. He added that Greece was committed to helping shape the new face of Europe after years of economic turmoil that started in 2009 for the Greeks.

The Greek economy grew by 1.4% in 2017, with greater growth expected this year after hitting 2.3% in the first quarter. Foreign direct investment into Greece reached €4 billion (£3.5 billion) last year – the highest amount since 2008.

While Greek trade flourishes, manufacturing is growing steadily and the banking sector is stable, according to Tsipras. Tourism, one of Greece's strongest sectors, is also thriving with 32 million visitors expected to visit the country in 2018.

Unemployment has fallen by 7% since 2015, with 350,000 new jobs created. The number of people without jobs peaked at 27% (1.5 million) in 2014 as Greece's economy struggled to bounce back from the global financial crisis that began six years earlier.

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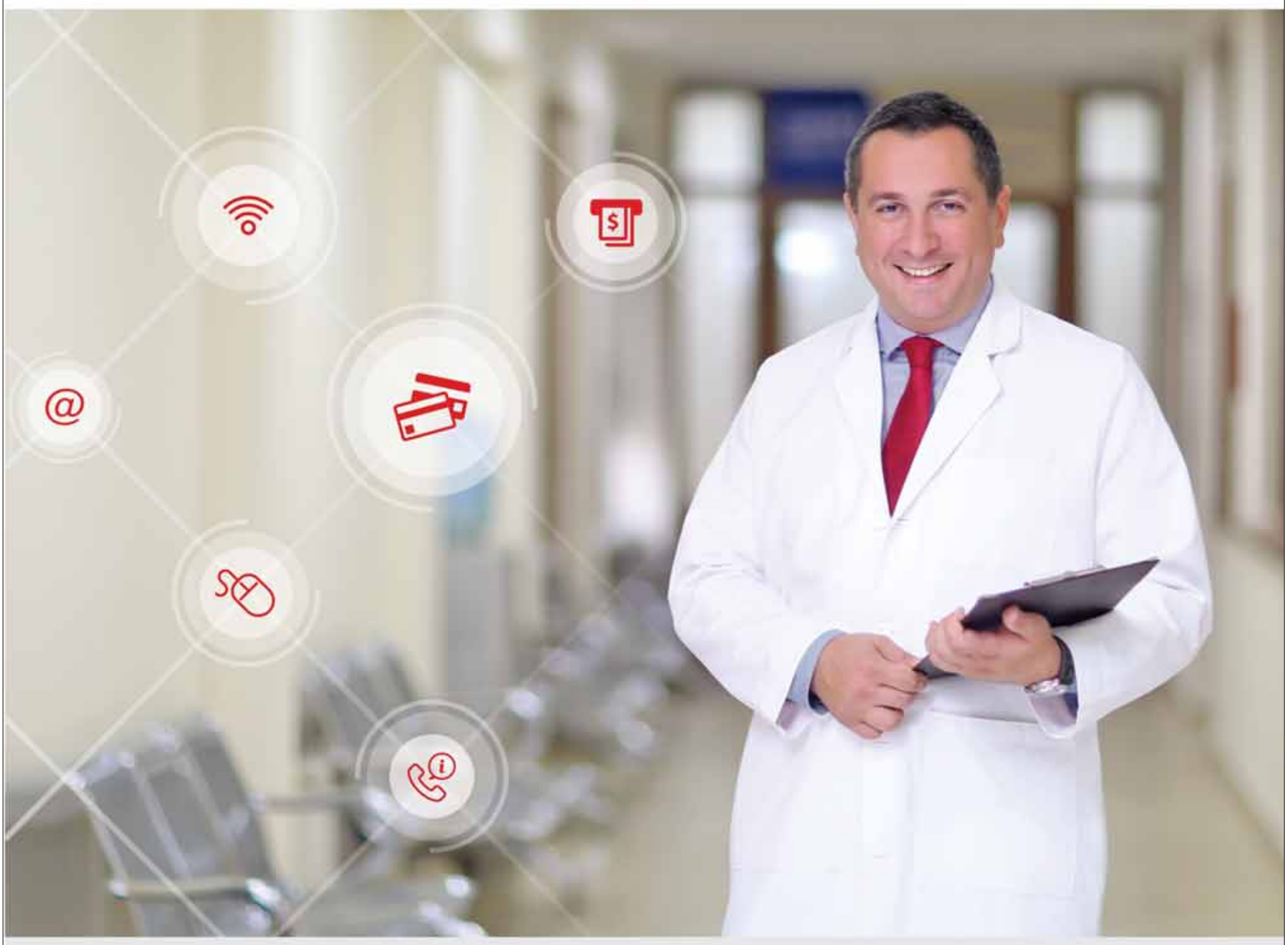

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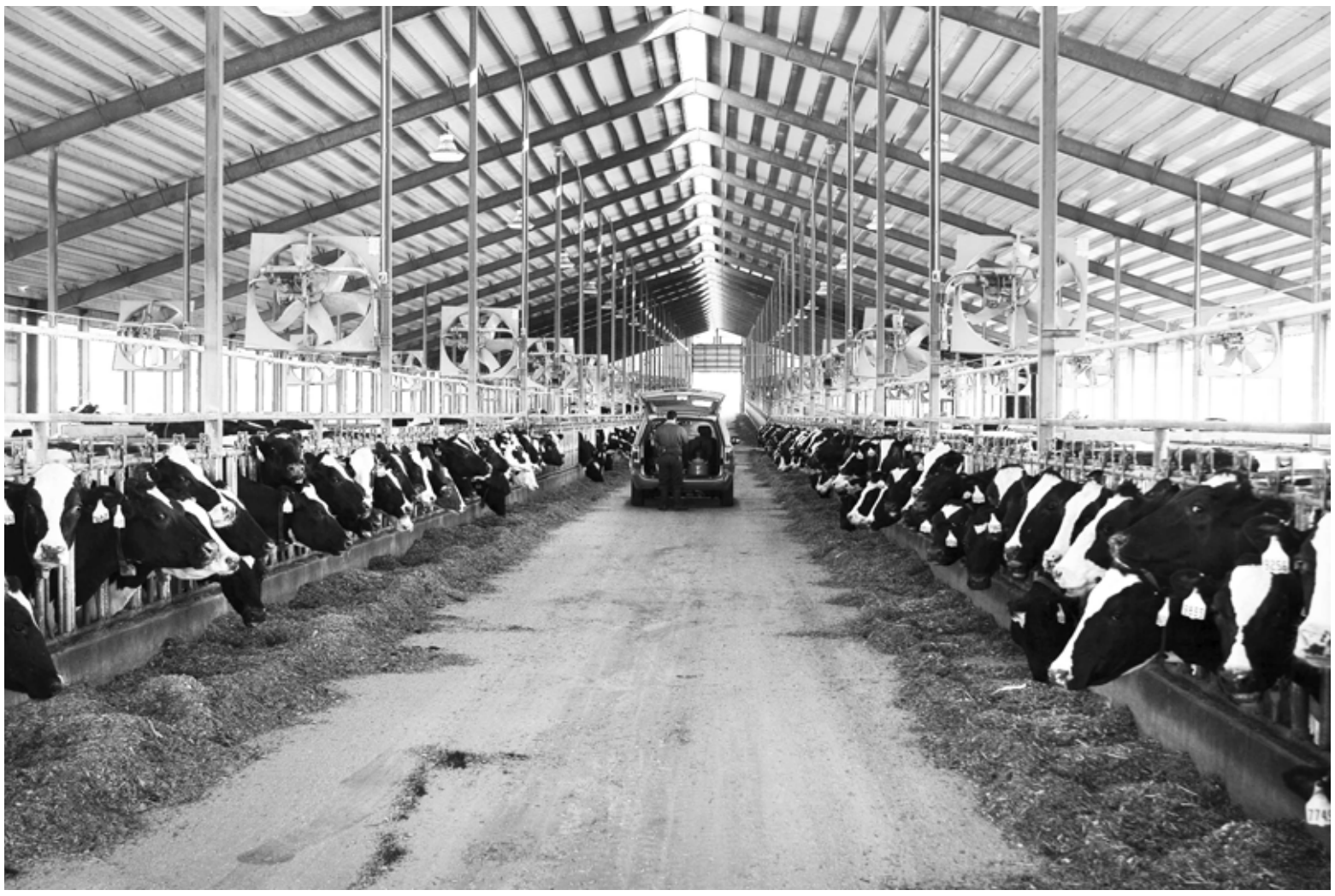
Of the 10.3 million farms in the EU, two thirds are less than 5 ha in size

Only 11% of farm managers are under 40 years old

The FINANCIAL



A little over 171 million hectares of land in the European Union (EU) were used for agricultural production in 2016 – about 40% of the EU's total land area. This supported about 10.3 million farms and farm managers.

Although numerous, most of the EU's farms were small in nature, two-thirds being less than 5 hectares (ha) in size.

In contrast, the 3% of EU farms of 100 ha or more in size worked over half of the EU's utilised agricultural area.

Only 11% of farm managers in the EU were younger than 40 years old, in contrast to one third (32%) who were 65 years of age or older.

This information, published by Eurostat, the statistical office of the European Union, comes from provisional results for the 2016 EU Farm Structure Survey and is the latest snapshot available. This survey helps better understand the structure of agricultural holdings in the EU, important for the Common Agricultural Policy.

Farming in the EU is broadly characterised by three distinct groups: subsistence farming, where the focus is on growing a majority of food to feed farmers and their families small and medium-sized holdings that are generally family-run businesses and large agricultural enterprises.

Romania has one third of the EU's farms but they tend to be small in size

One third of the EU's farms were located in Romania in 2016 (33%), another third being found in Poland (14%), Italy (10%, 2013) and Spain (9%).

Although numerous, most of the EU's farms were small in nature; 65% of EU farms were less than 5 ha in size. However, the 7% of farms that were of 50 ha or more in size worked a little over two-thirds (68%) of the EU's utilised agricultural area (UAA). So although the mean size of an agricultural holding in the EU was 16.6 ha in 2016, the median was under 5 ha.

Among Member States, this distribution was most contrasting in Romania; nine in every ten farms (92% or 3.1 million farms) were smaller than 5 ha, but the 0.5% of farms of 50 ha or more in size farmed half (51%) of all the UAA in the country.

Larger farms (of 50 hectares or more) were much more common in Luxembourg (52% of farms), France (41%), the United Kingdom (39%) and Denmark (35%). In most Member States, a majority of UAA was concentrated on the largest farms (50 ha or more in size).

Just over half of EU turnover in agriculture came from France, Germany, Italy and Spain

Contrasts in the size of farms were also reflected in terms of their economic size. Of the EU's 10.3 million farms, 4.0 million had a standard output below EUR 2 000 and were responsible for only 1% of total agricultural economic output. The 296 000 farms (or 3% of all holdings) in the EU that each produced a standard output of EUR 250 000 or more were responsible for a majority (55%) of the EU's total agricultural economic output in 2016.

About one half (54%) of the standard output generated by agriculture in the EU was from farms in France (17%), Germany (13%), Italy (12% in 2013) and Spain (11%) in 2016. Although Romania accounted for about one third of the EU's farms, they accounted for only 3.4 % of the EU's standard output.

France, Spain, the United Kingdom and Germany together account for half of EU`s agricultural

land France used 27.8 million hectares for agricultural purposes in 2016, the largest of any Member State (16% of EU total). A further 23.2 million hectares were farmed in Spain (14%), 16.7 million hectares in the United Kingdom (10%), 15.2 million hectares in Germany (9%) and 14.4 million hectares in Poland (8%).

Agricultural landscapes dominated the countryside in some Member States; upwards of two-thirds of the land area of the United Kingdom (69%) and Ireland (72%) was used as agricultural land and the share was also particularly high in Denmark (62%). This was in stark contrast to Finland (8%) and Sweden (7%) where forest dominated the landscape, as well as Cyprus (12%).

Farming: a male dominated profession with relatively few young farmers

There were 10.3 million people working as farm managers in the EU in 2016.

The average age of farmers is very much at the older end of the age spectrum; one third (32%) of farm managers in the EU were 65 years of age or more. Only 11% of farm managers in the EU were young farmers under the age of 40 years.

Young farmers were particularly few and far between in Cyprus (3.3% of all farm managers), Portugal (4.2%) and the United Kingdom (5.3%). They were more common in Austria (22.2%), Poland (20.3%) and Slovakia (19.0%).

Nevertheless, the youngest farm managers tended to have bigger farms in terms of area, livestock and standard output than the oldest ones (over 65 years of age).

The farming profession is dominated by men, with only about three in ten (29%) EU farm managers being women.

The proportion of young farm managers who were women was lower still (23%).

Real estate transparency improves globally

The FINANCIAL -- Governments worldwide have been gradually forging greater transparency in real estate markets, addressing growing demands from investors and the public to deliver significant change.

Over the 20 years that JLL has been publishing its biennial proprietary Global Real Estate Transparency Index, increased regulatory requirements and greater data availability have driven incremental improvements. Since 2016, 85 of the 100 countries surveyed recorded an improvement, and the growing impact of technology may propel this positive trend in the future.

Government measures are aimed at improving their competitive position as both real estate investors and companies looking to lease space increasingly demand standardized data, according to JLL.

Transparency in real estate "increases accountability and quality of governance, and improving it is an important step for countries and cities that want to cultivate a productive business environment," says Fernando Ferreira, Associate Professor of Real Estate and Business Economics & Public Policy, Wharton School, University of Pennsylvania.

There have been noteworthy regulatory improvements, such as the UK's proposed beneficial ownership register and the European Union's Fifth Anti-Money Laundering Directive. India's government has introduced a raft of initiatives aimed at reducing corruption. The U.S., one of the most transparent property markets globally, has adopted proptech faster than anywhere else.

Real estate transparency is slowly moving in the right direction around the world and many countries – including India, China and Turkey – are on the cusp of transparency.

India has introduced wide-reaching regulations in the last two years, ranging from rules that require brokers to be registered, to mechanisms to resolve disputes with developers.

Foreign investment into India's real estate sector has risen in parallel with these changes, to US$6.3 billion in 2017 from US$2.2 billion in 2014, according to JLL data. The anticipated growth in the REIT industry bodes well for further gains, according to JLL.

Dubai has also passed positive regulation. Its government initiatives include a building classification project, improved regulatory procedures, new and enhanced online apps for managing contracts and broker information, and unified lease forms.

Such measures are designed to attract higher levels of foreign investment, "one of the key objectives of the Dubai Land Department," says H.E. Sultan Butti bin Mejren, Director General at the Dubai Land Department.

Technology is poised to provide the next big leap in transparency.

Proptech tools that transcend national borders such as blockchain, brokerage apps and open data could help semi-transparent markets leapfrog the normal process of transparency.

Benefits are not a given. For instance, take data security. "As building sensors start to accumulate massive amounts of data, how do we make sure its use is transparent?" says Kelly.

So far proptech has proved broadly helpful. The Netherlands, for instance, has greatly improved its real estate transparency in recent years in large part due to proptech. The European country already had a transparent real estate market, but innovation around blockchain and open data initiatives have contributed to its improved position in JLL's index.

Whatever changes are on the horizon, investors and the public will continue to scrutinize every move.

A New Solution to the Skilled Workers Shortage

Fabian SCHUMANN
Gallup

The skilled labor shortage is affecting companies all over the world. According to the latest Manpower "Talent Shortage Survey" 44% of employers across the globe report they cannot find the skills they need.

The German Economic Institute recently calculated that the lack of skilled labor -- estimated at 440,000 qualified workers -- is costing the German economy 30 billion euros a year in GDP growth (0.9 percentage points to be exact).

Business leaders are reacting in several standard ways: recruiting hard for the few candidates who are out there, offering higher pay and benefits to attract and retain them, and investing in learning and development programs to increase the skills of current employees, according to Gallup.

But there's another approach organizations need to consider: Stop making management positions a reward for exceptionally skilled labor.

Top two reasons for the promotion to manager:

"I have a lot of experience and have been with the company for a long time".

"I was promoted because I was successful in my prior, non-managerial role".

When companies promote a worker to management on the basis of prior performance, they lose a job expert and obtain a manager who often times has no talent for people management. That's how moving a single person can create a double negative -- and it hurts the business.

A better plan is a redesign of the company's career path and promotion system.

Allowing job role experts to advance inside their roles keeps great workers doing their great work and keeps management in the hands of people with the ability to do it well.

The Wrong Path

The current system is simple: The only way for exceptional performers to advance in their careers is to take on people management responsibilities.

While this system offers workers a clear, defined advancement path, the negative effects are reflected in both the shortage of skilled labor and the terrible state of people management across the world -- highlighted by a 15% global employee engagement rate.

Indeed, Gallup finds that 70% of the variance in engagement can be attributed to the direct manager and only 30% to organizational structures and processes.

There are alternative ways to build career paths: Gallup's best practice advice is to create additional paths for skill roles that parallel the manager path. These paths reward achievement with advancement inside a role, rather than with a move to a management position, according to Gallup.

This is how it works: As people become better at their jobs, their pay and -- equally importantly -- their status and responsibilities increase.

This approach allows the talented and skilled to develop excellence in one role instead of switching roles for the sole purpose of advancing in the company.

In addition, pay structure is shifted to a broad-banding system, where the entry pay for a higher-level role is less than the top-end pay of a lower-level role, e.g., the expert salesman earns more than the new sales manager.

Such a system indicates that the business puts financial value on excellent performance and recognizes developmental achievements, too.

Naturally, that changes a company's management promotion system. And while it keeps skilled labor in skilled positions, it does force companies to reckon with this issue: how to select managers if prior role success isn't the key criterion.

Gallup has done extensive research into what predicts management excellence and has found five innate talents -- i.e., natural capacity for excellence -- best predict a manager's success:

Motivator: They challenge their teams and selves to continually improve and deliver distinguished performance.

Assertiveness: They overcome challenges, adversities and resistance.

Accountability: They assume ultimate responsibility for their teams' successes and create the structure and processes to help their teams deliver on expectations.

Relationships: They build a positive, engaging work environment where their teams create strong relationships with one another and with clients.

Decision-Making: They solve the many complex issues and problems inherent to the role by thinking ahead, planning for contingencies, balancing competing interests and taking an analytical approach.

There's no reason that a high-performing individual contributor can't have these qualities. But there's also no reason to assume she does, simply because she's been so successful in her current role.

Better Business Outcomes

Companies that value performance must value potential -- and discover how to develop it on an individual basis.

When companies select for talent in a position rather than using managerial positions as a reward, everyone wins.

Indeed, our research shows that managers selected because of their exceptional managerial talents realized significantly better business outcomes: an increase in profit of 48%, an increase in employee engagement of 17% and an increase in productivity of 22%.

And people are more likely to be engaged in their work and less likely to leave a company if they can use their strengths in a role.

The opportunity is clear: Better careers paths and a new manager selection system allow organizations to greatly improve their internal allocation of human resources, according to Gallup.

But the ongoing need is also clear; Businesses can't succeed without skilled workers.

Competition for them is fierce, and hiring them is costly.

Keeping talented workers where they shine -- and that goes for managers, too -- is a winning strategy for people, companies and the economy.

Introduction of minimum wage in Germany did not lead to job losses

The FINANCIAL -- The introduction of a uniform national minimum wage for the first time in Germany in 2015 did not lead to an increase in unemployment, new research from the London School of Economics and Political Science (LSE) has found.

The study, published as a Centre for Economic Policy Research (CEPR) discussion paper, is the first of its kind to study the wider implications of Germany's minimum wage policy on pay and regional migration.

The researchers concluded fears of increased unemployment and internal migration are likely to be unfounded, as workers' wages were likely to have been below the market rate, as companies absorbed the higher cost of labour without making redundancies, according to LSE.

In January 2015 the federal minimum wage was introduced in Germany, Europe's largest economy, across all 16 of the countries federal states. As a result of the law, German employers were required to pay workers at least €8.50 per hour, or 48% of the median salary of full time workers.

German regions have vastly differing levels of productivity and salary, for example, workers in Bavaria in Germany's south west typically enjoy higher average wages than workers in the Mecklenburg, which neighbours Poland in Germany's north east.

The minimum wage policy therefore had a greater impact on pay in Germany's poorer regions, where many workers earn less than the 48% of the median salary, and a relatively smaller effect on wages in the richer areas, where fewer workers earn less than the minimum.

Some economists predicted that because of the relatively high level of Germany's minimum wage, regions with lower wages would experience an economic shock which would lead to increases in unemployment, as organisations sought to reduce their wage bill. It was also assumed that outward migration from the region would rise, as unemployed citizens sought work in other parts of Germany, according to LSE.

To identify the effects across the regions, the researchers analysed employment levels in Germany from 2011 to 2016. They found that in regions where wages were low, the minimum wage was introduced without changes to employment levels. In fact, unemployment fell in many areas with relatively lower wages for a period in 2015.

In their study, the authors suggest the steady levels of employment in Germany's low-wage regions mean workers were being underpaid, as organisational revenues were transferred to workers rather than being retained by their employers through redundancies that would reduce their overall wage bill. The German experience challenges labour market theory where supply and demand for labour ensures wages are set correctly according to worker's productivity.

Dr Gabriel Ahlfeldt, Associate Professor of Urban Economics and Land Development of the Department of Geography and Environment, said: "The fact that we observe policy-enforced increases in wages without job losses implies that workers were paid below their marginal product. This is not consistent with the standard labour economics model and suggests that employers could afford paying higher wages to low-wage earners.

After Assad Debacle, Syrian Opposition backs Georgia

Precisely a month after Georgia has severed diplomatic relations with the Damascus following Assad regime's decision to recognize Abkhazia and South Ossetia, Tbilisi has scored a point by achieving the backing of the Syrian opposition for its territorial integrity.

Georgian Public Television has quoted Nasr al-Hariri, President of the Syrian High Negotiation Commission, mentioning that the Syrian opposition upholds the "red lines" of international law – "unity, territorial integrity of Syria and the unity of Syrian people" and thus, by the same token, wants "these principles to be respected both related to us and to other countries. Therefore, we support Georgia's territorial integrity. We strictly condemn the "recognition" of the occupied territories of Georgia – Abkhazia and Tskhinvali region / South Ossetia by the Assad regime".

The statement apparently came after a meeting of the Georgian Ambassador to Saudi Arabia, Giorgi Janjgava with the Syrian High Negotiation Commission.

Dr. Eka Akobia, who headed the Department for Asia and Africa at Georgian MFA in 2012-2016 and now is the Dean of the Caucasus School of Governance, tells us that al-Hariri's statement is of high importance.

"Dr. Hariri is a prominent member of the opposition and a known activist for his country", says Akobia. "He is holding meetings on behalf of the Syrian Coalition and the SNC with the leaders worldwide, including the UN Secretary General, EU HR Federica Mogherini, heads of state and foreign ministers globally. He is in charge of negotiating matters related to Syria in view of the UN Security Coun-

Continued on p. 13

GRASS FACTCHECK

Mamuka Bakhtadze:

PRIME MINISTER OF GEORGIA

"Georgia is in the fifth position in terms of budget transparency."

Valeri KVARATSKHELIA
FactChek

VERDICT:

Mamuka Bakhtadze's statement is **TRUE**.

RESUME:

The International Budget Partnership Index aims to assess the transparency of budget processes in different countries. There are 109 indicators used in the survey which, on the one hand, measure the timeliness of budget documents which are publicly available and, on the other hand, assess the comprehensiveness of the information in the documents. In accordance with the International Budget Partnership Index's 2017 report, Georgia is in the fifth position with 82 points (out of a total of 100) and only ranks behind New Zealand, South Africa, Sweden and Norway. As compared to 2015 (the previous report), Georgia moved forward by 11 positions in the ranking whilst the index itself improved by 16 points. Since 2006, both Georgia's ranking points as well as its position in the ranking have had a positive tendency.

ANALYSIS:

The Prime Minister of Georgia, Mamuka Bakhtadze, whilst addressing the Parliament of Georgia, emphasised that Georgia is in the fifth position in the world in terms of budget transparency.

FactCheck took interest in the accuracy of the Prime Minister's statement.

The International Budget Partnership's (IBP) 2017 Global Report contains budget transparency assessments for 115 different countries. In the case of Georgia, the survey was carried out by Transparency International – Georgia. There are 109 different indicators used to calculate the Open Budget Index. The survey aims to evaluate the performance of a government in terms of the timely publication of eight primary budget documents (a country's primary data and main directions, the draft state budget, budget law, citizen budget guidelines, state budget quarterly fulfilment reports, state budget six month fulfilment report, state budget 12 month fulfilment report) and whether or not the information given in these documents is comprehensive.

In the 2017 Open Budget Index, Georgia's performance earned 82 points out of a possible 100 which puts the country in the fifth position among 115 different nations.

As illustrated in the table, Georgia's index points have a tendency of growth through the entire period with its points having increased from 34 to 82 within the period of 2006-2017. Therefore, the changes in Georgia's ranking positions have also been on the positive side. In 2006, Georgia was 30th of 40 countries in terms of the given parameter, moving up to the fifth position in 2017 and only lagging behind New Zealand, South Africa, Sweden and Norway from the 115 territorial units.

The involvement of citizens in budget processes and the issues of effective budget oversight are not parts of the Open Budget Index although they are closely related to it. Of the possible 100 points for citizen involvement and budget oversight, Georgia received 22 points and 74 points, respectively, which put it in the 17th and 18th positions, also respectively.

Table 1: Open Budget Index 2006-201

	2006	2008	2010	2012	2015	2017
Georgia's Index	34	53	55	55	66	82
Georgia's Ranking Position	30	28	34	33	16	5
Number of Countries in the Ranking	40	77	93	100	102	115

Source: International Budget Partnership

Trump Doesn't Rule Out Recognizing Russia's Annexation Of Crimea

The FINANCIAL

U.S. President Donald Trump, speaking two weeks before a planned summit with Russian President Vladimir Putin, has declined to rule out recognizing Russia's annexation of Ukraine's Crimean Peninsula.

Asked by reporters on Air Force One late on June 29 whether reports about him dropping Washington's longstanding opposition to the annexation were true, Trump said: "We're going to have to see."

Trump gave a similar answer when asked whether he would consider lifting U.S. sanctions on Russia which were imposed over the annexation. He has said the goal of his upcoming summit is to improve Washington-Moscow relations, which are at a post-Cold War low.

"We'll see what Russia does," Trump said.

Trump's apparent willingness to consider lifting penalties that were imposed on Russia in 2014 over its annexation of Crimea comes amid news reports which have cited European leaders as saying that Trump argued privately at a recent Group of Seven summit that Crimea should be part of Russia because most of the people are Russian-speaking.

Trump while campaigning for the presidency in 2016 also refused to rule out recognizing Russia's land grab in Ukraine as he vowed repeatedly to improve U.S. ties with Moscow.

But since becoming president, Trump has adhered to the stance taken by the United States under his predecessor Barack Obama, who said Russia's annexation of Crimea violated international law. Besides the tough penalties that Washington has imposed on Russia over the move, the European European has also hit Moscow with parallel sanctions.

Trump's refusal to reaffirm U.S. opposition to the Russian intervention in Ukraine likely will dismay European allies ahead of next month's NATO summit.

After the July 11 NATO meeting, Trump plans to fly to Helsinki for his first one-on-one summit with Putin on July 16.

Trump scheduled the Putin summit this week in what he said was an effort to reverse a year of souring relations over matters from Moscow's backing of Syria's alleged chemical weapons attacks to its own alleged use of a chemical weapon against a former Russian spy in England.

While speaking to reporters on Air Force On en route to New Jersey, Trump also said he would raise the issue of alleged Russian meddling in the 2016 U.S. presidential election during his meeting with Putin.

"I'll talk to him about everything," Trump said.

"We're going to talk about Ukraine, we're going to be talking about Syria. We'll be talking about elections... We don't want anybody tampering with elections."

The Kremlin's spokesman said on June 29 that Putin is prepared to tell Trump, as he has in previous brief encounters, that Moscow did not attempt to influence the election.

"If [the matter of election interference] is be raised by the U.S. president, then the Russian president will repeat that Russia could not and did not have anything to do with this situation, around which such insinuations have been spawned," spokesman Dmitry Peskov told reporters in Moscow.

While the meddling allegations have been repeatedly dismissed by both Putin and Trump, they have sparked a special counsel investigation in Washington and multiple congressional investigations which have come to different conclusions.

The special counsel, U.S. intelligence agencies, and Republicans on the House Intelligence Committee all have concluded that Russia did try to influence the election through a social media campaign and other efforts.

With reporting by AFP, AP, and Reuters

Source- NRS Jul 14 –Jun 15

Study reveals 60% of employed people with severe migraine miss

The FINANCIAL -- Basel, June 27, 2018 - Novartis and the European Migraine and Headache Alliance announced initial findings from the largest global migraine patient study to date, involving over 11,000 people from 31 countries.

Migraine is a neurological disease which can vary in severity with symptoms ranging from head pain, nausea, vomiting to sensitivity to light. The My Migraine Voice study included people who had at least four migraine days per month with nearly 90% having tried at least one preventive treatment. The findings, presented at the 60th Annual Scientific Meeting of the American Headache Society (AHS) in San Francisco, reveal that migraine cuts work productivity by half. On average, 60% of employed respondents missed almost a full working week (4.6 days) due to migraine in the last month.

Additionally, the My Migraine Voice study examined the impact of migraine on overall work impairment, including reduced productivity while at work (presenteeism) and work time missed due to migraine (absenteeism) using the Work Productivity and Activity Impairment (WPAI) questions. Those who had worked in the last week reported that their overall work productivity was cut by over half (53% reduction), with this figure rising to 56% for those with two or more preventive treatment failures.

"Migraine is often dismissed as just a bad headache. These results shed light on an invisible, yet debilitating disease," said Elena Ruiz de la Torre, Executive Director and Immediate Past President of European Migraine and Headache Alliance. "Despite living with such an incapacitating condition, people living with migraine strive to be very productive but need better relief from symptoms, and support in the workplace to ensure they can achieve their full potential. The EMHA is involved in a number of initiatives that are committed to this cause."

Despite the devastating impact of migraine, employed respondents shared that although the majority of their employers (63%) knew about their migraine, only 18% offered support. Further, many said they feel judged, stigmatized or misunderstood for taking days off, illustrating the need for awareness and support in the workplace. To help combat this and empower associates living with migraine to better manage their disease, Novartis Switzerland has launched a pilot program which includes, among other services, free coaching and access to an exclusive version of the Migraine Buddy© platform, developed and owned by Healint. Novartis is also exploring opportunities to work with other employers who are interested in supporting their associates living with migraine.

Migraine often occurs during peak productive years, between the ages of 35 and 45 and often results in temporary disability during attacks. Affected people can be incapacitated by the symptoms which can last for days. Migraine is costly to society with the overall costs estimated to range between €18-27 billion across Europe and about $20 billion in the US.

After Assad Debacle, Syrian Opposition backs Georgia

Continued from p. 11

cil Resolution 2254 and the Geneva Communiqué, which envisions political transition in Syria."

Since the Assad government is not recognized as the legitimate representative of the Syrian people by most members of the international community, support from the opposition counts, the expert says.

Dr. Akobia adds, "it is very important that Georgian side continues to inform the Syrian opposition about the situation in Georgia, about the ongoing conflict with Russia and about the nature of Russia as a partner and mediator. This will ensure that once the political transition happens in Syria and people elect their legitimate representatives in free and fair elections, the political elites will be fully informed and ready to rectify mistakes of a previous bloody regime."

Long-standing concern

After Russia's recognition of Abkhazia and Tskhinvali region/South Ossetia following the 2008 war, Georgian diplomacy has been acutely mindful of the regimes that could be persuaded or pressured to follow Moscow's lead. Syria, with its historical diaspora of Abkhaz refugees from the 19th century, was considered as one of the weak links internationally.

Back in 2010 Georgia's then Foreign Minister, Grigol Vashadze visited Damascus and met with President Bashar al-Assad, talking enhanced cooperation in tourism and economy. As the situation in Syria has deteriorated, however, Georgia has aligned itself firmly with the Western coalition and the UN sanctions, repeatedly condemning violence and chemical attacks. Moreover, despite its economic troubles at home, Tbilisi has pledged USD 100 thousand in humanitarian aid during the crisis in Aleppo.

Syria has been Tbilisi's headache in another way too. Some Georgian citizens, reportedly mainly from the Muslim Kist community in Georgia's Pankisi valley have joined the ranks of ISIS. Georgia's security officials estimated their number at 50 in 2015, after the flow of recruits has already passed its nadir. Reportedly, up to 26 fighters holding Georgian citizenship have died in Syria, most recently in December 2017.

Civil.ge

GRASS FACTCHECK

Mamuka Bakhtadze:

PRIME MINISTER OF GEORGIA

"For Georgian Railway, in terms of revenues, 2014-2015 were the most successful years financially although a large amount of cargo which used to move by rail is now transported by pipeline."

Valeri KVARATKHELIA
FactChek

VERDICT:

FactCheck concludes that Mamuka Bakhtadze's statement is **MOSTLY FALSE**.

RESUME:

Georgian Railway's revenues denominated in GEL were the highest in 2014-2015 of all the years in the accounting period despite a substantially reduced cargo turnover. This increase is because of the depreciation of GEL with Georgian Railway's tariffs being denominated in foreign currency. As a result of increased financial expenditures because of the fluctuation of currency exchange rates, profit figures have been significantly reduced as compared to previous periods. In 2015, for the first time in the period of the analysis, Georgian Railway's net profit is negative (loss). The joint performance of 2014-2015, with a GEL 26 million loss, is the worst for the company as compared to any other two-year period.

There is a clear tendency of decrease in cargo turnover both in the case of dry as well as liquid cargo with volumes having dropped by 40% and 55%, respectively, as compared to 2012. In light of decreased oil prices, the assertion that a cheaper transportation capability (pipeline) is now used for cargo transportation is a legitimate claim. However, a pipeline naturally cannot be considered as an alternative for the transport of dry cargo. Georgian Railway's dry cargo turnover has also decreased.

As of 2012, in accordance with Fitch, Georgian Railway's credit rating was at BB- with a stable perspective. As of 2017, the assessment worsened and changed to B+(stable). In 2016, Standard & Poor also changed Georgian Railway's credit rating from BB- to B+ stable and in 2017 changed the perspective to negative. As a result, Georgian Railway's credit rating returned to the initial level of assessment (B+) which it was given in 2010.

ANALYSIS:

At the United National Movement faction session, candidate for the Prime Minister of Georgia, Mamuka Bakhtadze, stated that Georgian Railway was the most financially successful(in terms of revenues) in the period of his leadership in 2014-2015. In regard to 2013-2017, Mr Bakhtadze clarified that Georgian Railway's success as a commercial entity should be assessed with respective financial criterias and investor attitude. He also added that The decrease in the cargo volumes can be explained by the fact that some cargo was redirected to the pipelines running across Georgia.

Georgian Railway's total revenues in 2010-2015 have a tendency of growth with a decrease only registered in 2016. Although, if we take into account the fact that cargo transportation tariffs are mostly denominated in a USD, we will see that an important factor behind the growth of GEL denominated revenues is the GEL depreciation instead of real positive changes. This assessment is further corroborated by the clear tendency of a decrease in profits.

Georgian Railway's net profits have had a tendency of decrease since 2012 whilst its net profit was negative(loss) in 2015 for the first time since 2007. The joint performance of 2014-2015 was the worst as compared to any other two-year period. In addition, it is visible that operational profit in 2013-2016 increased by 1.5 times. However, as we have already mentioned, the growth in operational profits was largely stipulated by the depreciation of the GEL exchange rate because tariffs are denominated in a foreign currency. At the same time, the substantial growth in financial expenditures[1] does not affect operational profits and only influences the amount of profit before taxation and the amount of net profit.

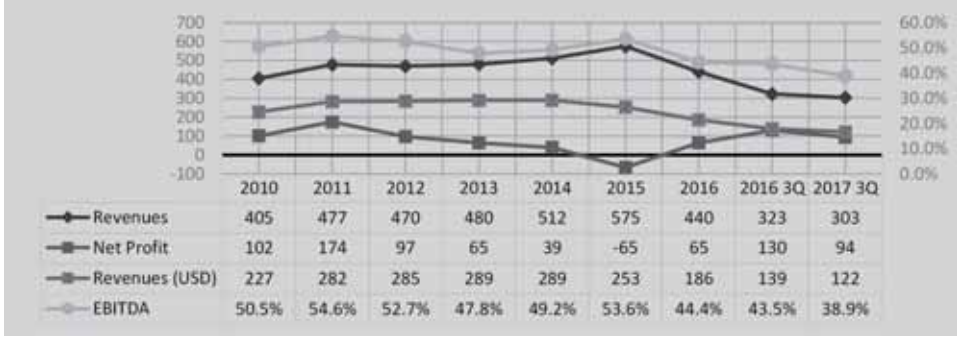
In regard to the EBITDA margin,[2] this figure was less in 2013-2014 as compared to the figures for 2010-2012. In 2015, the EBITDA margin (53.6%) increased and only lags behind the figure for 2011 (54.6%) in the accounting period. However, a tendency of decrease has resumed since 2016 and this indicator dropped to 44.4%. In accordance with the data of the first three quarters of 2017, the EBITDA margin decreased by 4.6 percentage points as compared to the same figure in the similar period of 2016 (43.5%) and constitutes 38.9%.

In 2017, Georgian Railway transported 10.7 million tons of cargo which is 1.2 million tons less as compared to 2016. The majority of the decrease is at the expense of liquid cargo. In 2012-2017, the amount of both liquid and solid cargo has shown a constant decline. In five years, the volume of transported liquid cargo decreased by 55% whilst the amount of transported solid cargo decreased by 40%. Therefore, the decline in total turnover cannot be explained by the decreased flow of oil alone.

In regard to the attitude of potential Georgian Railway investors, its credit rating is the key indicator here. Fitch and S&P both make assessments of Georgian Railway's credit. The initial assessment was carried out in 2010 with each of the agencies having given the company a B+ rating with a stable perspective. In 2012, Fitch changed Georgian Railway's credit rating from B+ to BB- with a stable perspective. In November 2013, Fitch amended the perspective to negative and moved it up again to stable in December 2014. In 2015-2016, Georgian Railway's credit rating remained at its existing level whilst its perspective was changed from stable to negative watch in 2016. In 2017, Fitch decreased Georgian Railway's credit rating to B+ with a stable perspective. In 2016, S&P also decreased its credit rating to B+ and gave the company a stable perspective. In 2017, the perspective was also changed to negative.

1 FX gain or loss on Eurobonds is not monetary in nature and will not be realized until maturity, in addition it will be reversed in the event of GEL appreciation
2 EBITDA (Earnings before interest, tax, depreciation and amortisation) to revenues ratio.

Graph 1: Georgian Railway's Financial Figures (GEL Million)



	2010	2011	2012	2013	2014	2015	2016	2016 3Q	2017 3Q
Revenues	405	477	470	480	512	575	440	323	303
Net Profit	102	174	97	65	39	-65	65	130	94
Revenues (USD)	227	282	285	289	289	253	186	139	122
EBITDA	50.5%	54.6%	52.7%	47.8%	49.2%	53.6%	44.4%	43.5%	38.9%

Source: Georgian Railway

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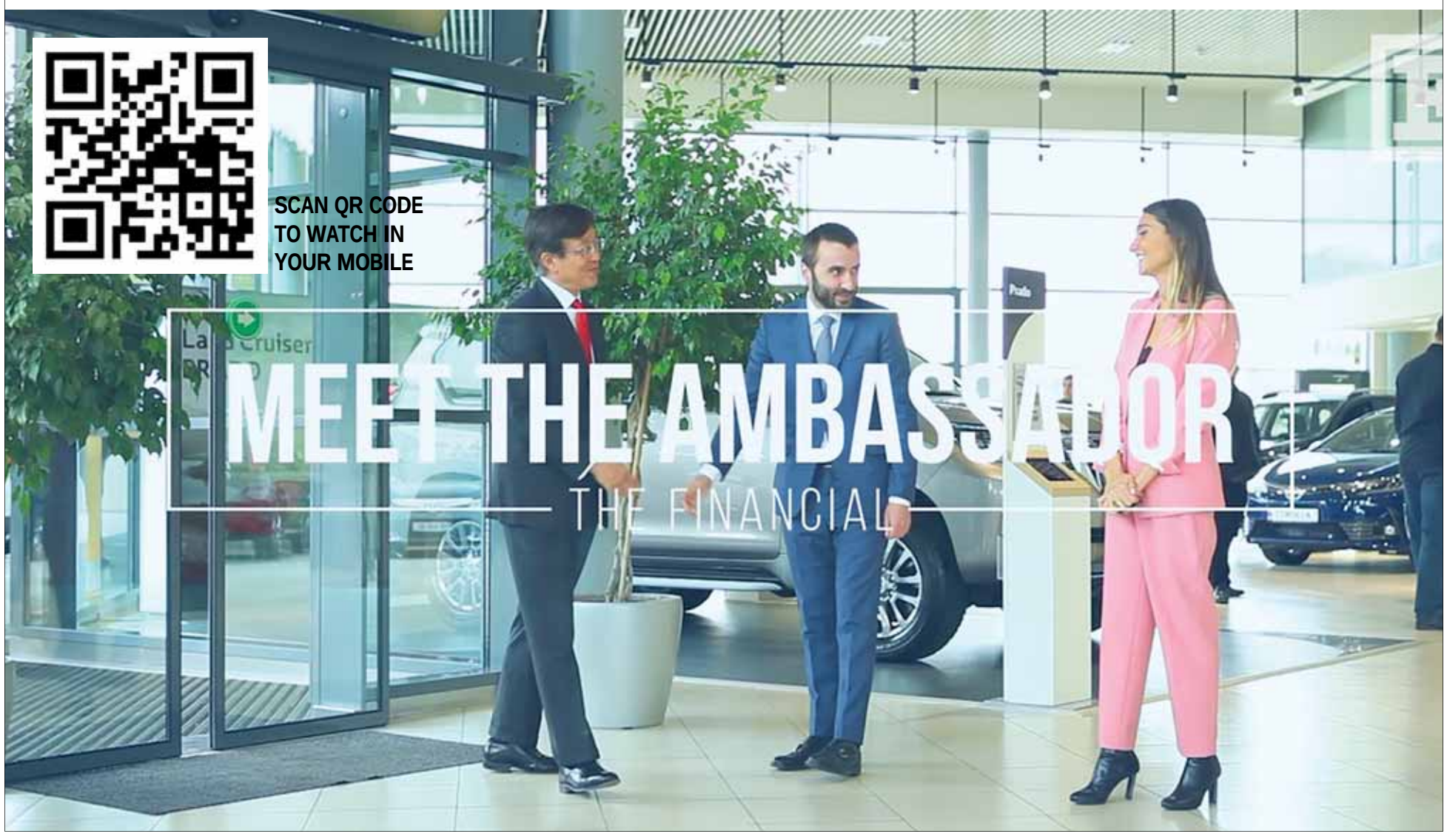
MR. TADAHARU UEHARA, AMBASSADOR OF JAPAN TO GEORGIA TALKED TO THE FINANCIAL AT TOYOTA CENTER TEGETA ABOUT GEORGIA, JAPAN TECHNOLOGIES AND POTENTIALS FOR FUTURE COOPERATION. IN SECOND PART OF THE VIDEO, IRAKLI PAPIASHVILI, DIRECTOR OF TOYOTA CENTER TEGETA EXPLAINED POPULARITY OF JAPAN BRAND TOYOTA AND INTRODUCED NEW CAR BY TOYOTA.



THE ISET ECONOMIST

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Real Esate = Real Investment

Graph #2. Return on real estate by district, 2017

Continued from p. 6

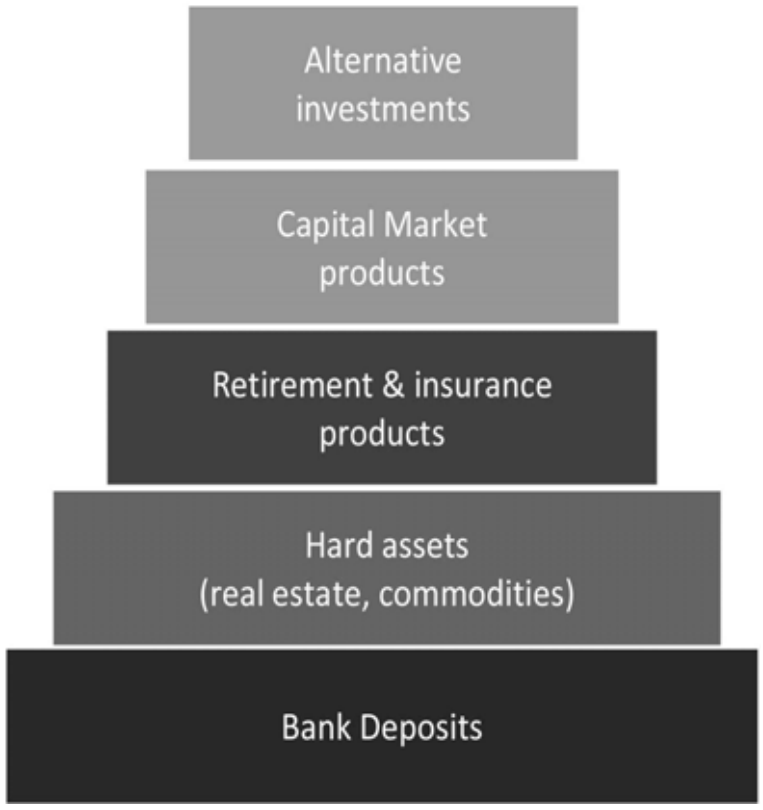
hierarchy of capital savings/investment and provides information on how saving behavior may differ in various stages.

Every stage of this hierarchy is associated with different risks, returns and wealth. At the bottom, we observe bank deposits as the least risky type of investment, with a lower yield. This stage is characterized with less personal wealth and most income is spent on essential consumption. The upper stages of the hierarchy are associated with higher risk and respectively higher yield as well.

While we know how the evolution of capital savings evolves in theory, what is happening in Georgian reality is interesting as well. Stable economic growth in the last several years has contributed to wealth accumulation among Georgians. Thus, total deposits by individuals increased by almost four times during the last seven years. It is difficult to say how equally these deposits are distributed, but it is a fact that more money has been saved. During this period, the demand on real estate increased as well. According to REMLab, the number of sales transactions in 2017 increased from 89.1K unit to 98.6K unit. The largest part of this growth was recorded in Tbilisi, but increased demand on real estate outside Tbilisi was also observed.

Positive trends in bank deposits, as well as in real estate, give us an indication that the first two stages of the capital saving hierarchy seem to be developed in Georgia. On the other hand, Georgia's security market is relatively young. The corporate bond market is trying to catch up with the government bond market, which is relatively mature, but the process is proceeding at a slower pace. Specifically, in the last four years, outstanding corporate bonds more than quadrupled and reached GEL232 million. Nevertheless, the ratio of publicly issued corporate bonds to GDP is still low (0.6%).

Graph #3. Illustrative evolution of capital savings and investments



WEF not only provides a hierarchy and stages of evolution of capital savings/investments, but also provides a recommendation on how to upgrade from the lower stages to the upper ones. The following factors are highlighted by WEF for capital market development: market participants (bond issuers, investors, and financial agents), market intermediaries, infrastructure providers, market regulation, and legislation. Moreover, migrating savings from traditional bank deposits and investment in real estate to more complex investment products requires educating the public on the benefits of long-term investments. Financial education can contribute much to this process.

In summary, while financial literacy is still low in Georgia and the capital market ecosystem is still under development, investing in real estate remains most popular and profitable investment option for the Georgian population.

The Performance Management Needs of the Changing Workforce

The FINANCIAL -- Some predictions about the future of work have been fairly dire; in his recent best-seller Homo Deus: A Brief History of Tomorrow, for example, Israeli historian Yuval Noah Harari discusses the possibility of a growing "useless class" of people whose skills have been made obsolete by automation and AI.

However, a new Gallup study of employees in the UK, Germany, France and Spain finds that relatively few employees in those four countries are worried that their jobs will be eliminated, according to Gallup.

Seventeen percent of French employees say it is "very likely" or "somewhat likely" that their current jobs will be eliminated within the next five years as a result of new technology, as do 13% of British employees, 8% of Spanish employees and 7% of workers in Germany.

Of employees who say there have been technology changes at their job in 2017, employees are, in fact, more likely to feel those changes will increase their productivity and the demand for their qualifications in the next three years, though the results vary considerably by country.

Outdated Performance Management Holds Many European Businesses Back

The general conclusion is that while most employees in the four countries studied don't fear the consequences of technological advancement in their working lives, many anticipate significant changes in the way they do their jobs.

To stay valuable to employers, workers will need to spend more time doing things machines have a hard time with -- things like taking initiative, creatively solving problems, collaborating effectively and across teams in their organizations to maximize their contributions.

In turn, organizations will need to adjust their management systems to allow for greater employee autonomy and flexibility, while maintaining accountability and high productivity.

Ironically, in an era of automation, companies that successfully adapt to make the most of their human resources will be the ones with a competitive advantage.

That's why interest in people analytics (PA) is booming as companies try to crack the code on using data to configure their workforces to meet future needs.

So far, the answer has eluded most businesses; labor productivity has been alarmingly flat in Europe's largest economies since 2010.

Survey results indicate most organizations in France, Germany, Spain and the UK are not ready for successful deployment of PA.

One major barrier is current performance management systems, which often maintain rigidity and outdated incentives. In none of the four countries do more than 30% of employees strongly agree that their performance is managed in a way that motivates them to do outstanding work.

Over one third of EU's population did not take a tourism trip in 2016

In 2016, 62% of the EU population (aged 15 or over) made at least one tourism trip for personal purposes.

Half (50%) went on at least one domestic tourism trip with at least one overnight stay in 2016 and nearly one third (32%) took at least one trip abroad.

Nearly half (48%) of the Europeans who did not make any trip reported that this was at least partially due to financial reasons. 20% of non-tourists mentioned health problems, while another 20% revealed that they did not want to travel. Other reasons for not taking a tourism trip included work or study commitments, brought up by 16%, while 13% mentioned family commitments. Financial issues are cited as the main obstacle for all age groups, except for those aged 65+ where health reasons are the most frequently mentioned barrier.

Financial constraints most frequently mentioned in Greece, Portugal and Croatia.

Financial concerns were the most frequently reported reason for not taking a tourism trip in the majority of the Member States. The highest share was observed in Greece (75% of non-tourists), Portugal (66%) and Croatia (62%). Lack of interest or motivation to travel was a common reason in Sweden (60%), Slovakia (57%) and Portugal (53%), followed by Belgium (44%), Austria (38%), Germany and Finland (both 35%). In the Czech Republic (40%) and Germany (39%), health issues were mentioned as the main reason to stay at home. Work or study commitments were most often mentioned in Portugal (31%), Belgium, Germany and Austria (all 25%).

Paris, 1929

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Is the World Really as Dangerous as We Think?

The FINANCIAL -- Conflict in the Middle East, terrorism in the West, gang violence throughout Latin America -- from everything we read, see and hear from the news, it's easy to conclude that the entire world is a dangerous place. Is it?

Counter to what we might see and hear, a majority of people on the planet feel pretty safe. According to Gallup's 2018 Global Law and Order Report, 68% of the world feels safe walking alone at night in their communities. In fact, in places like Singapore and Norway, more than 90% of people feel safe, according to Gallup.

But that doesn't mean we can ignore that this isn't the reality for the third of the world -- or about 1.6 billion people -- who live with fear. That's nearly equal to the entire populations of North America, South America and Europe combined.

The Law and Order Index quantifies safety in over 140 countries. It measures how many people have been assaulted or been victims of theft in the past year, whether they trust their local police and whether they feel safe.

A good way to understand if crime is happening is to simply ask people if it's happened to them. This is how we know that on average, 13% of people worldwide -- or more than half a billion people -- had money or property stolen from them, and 5% -- or roughly 270 million -- report being mugged or assaulted.

These are critical measures because they are the on-the-ground truth of what is happening in a country. Leaders too often rely on crimes that have been reported to authorities. The problem, of course, is that not all crimes are reported -- especially if people don't trust their police.

This brings us to confidence in the local police. Overall, local police forces appear to get a lot of the credit for a relatively safe world. Nearly seven in 10 adults worldwide express confidence in their local police, according to Gallup.

At least 80% in Western Europe, Southeast Asia and the U.S. and Canada express confidence. Half as many, 42%, in Latin America and the Caribbean can say the same.

At Gallup, we believe that the best leaders in the world don't just want safety for their citizens -- they want people to feel safe. And if making people feel safe is the objective, then leaders need a metric for that -- whether people feel safe.

While roughly two-thirds of people globally feel safe, this means a full one-third don't feel safe. Most people who don't feel safe live where you think they might, like war-torn Afghanistan and South Sudan and embattled Venezuela.

In countries like these, as much as half of the population has had money or property stolen in the past year, and few trust the police to do their job. But there are some surprises -- like Uzbekistan and Rwanda, where a lot of people feel safe.

Indicators such as these are important to monitor, particularly given that the United Nations is targeting "promoting just, peaceful and inclusive societies" as one of its Sustainable Development Goals. In fact, Gallup's metric of "feeling safe walking alone at night" is one of the indicators of Goal 16, according to Gallup.

Safety is a basic condition for development. This is evident in the strong relationships Gallup sees between people's answers to questions about their own security and their own experiences with crime and law enforcement and external measures, such as GDP per capita and life expectancy.

These relationships illustrate how high crime rates can often negatively affect economic performance and people's well-being.

Gallup's 2018 Global Law and Order Report confirms conventional realities -- like Venezuela and Afghanistan being two of the most dangerous places on the planet and Norway and Singapore ranking among the safest.

It also yields some surprises -- like how the world might be safer than the media lead us to believe -- while at the same time driving home that security is not something that everyone can take for granted.

Global Views on Cyberbullying

The FINANCIAL

One in three parents globally report knowing a child in their community that is the victim of cyberbullying; majorities in every country feel existing anti-bullying measures are insufficient when it comes to handling cyberbullying.

Ipsos' recent Global Advisor study, carried out in 28 countries, finds that awareness of cyberbullying is increasing globally, up 9 percentage points from 2011. Though global awareness of cyberbullying is high (75%), one quarter of adults have still never heard of it. Awareness is highest in Sweden and Italy (91% each) and lowest in Saudi Arabia (37%). Italy has seen the greatest increase in awareness of cyberbullying, from 57% aware in 2011 to 91% now. The United States also has high awareness (85%), though the level of awareness is relatively unchanged since 2011 (82%).

The percentage of parents who report having a child or knowing a child in their community who has experienced cyberbullying has increased globally since 2011. One in three parents worldwide (33%) report knowing a child in their community who had been cyberbullied, up from 26% in 2011. Among the countries surveyed, South Africa shows the highest prevalence of cyberbullying, based on a majority (54%) of South African parents who know of a child in their community who has been the victim of cyberbullying, up 24 percentage points from 2011. Parents in Japan (5%) and Russia (8%) are least likely to report knowing a child in their community who had been cyberbullied, according to Ipsos.

Globally, 17% say their own child has experienced cyberbullying. This number is on the rise, namely in South Africa (up from 10% in 2011 to 25% now) and Turkey (up from 5% in 2011 to 19% now). The United States has also seen a significant uptick in parents reporting their child has been cyberbullied, up to 27% this year from 15% in 2011.

"One in six parents globally report having a child who has been cyberbullied. In the US, that number is even higher with one in four parents reporting that their own child has been cyberbullied," says Mallory Newall, Director, Ipsos. "One explanation for this could be the increasing use of social media among youth."

According to Ipsos, two-thirds (65%) of parents of a child who has been cyberbullied or those who know of a child in their community who had been cyberbullied report the harassing behavior takes place on social networking sites. Regionally, Latin America experiences the highest amount of cyberbullying on social media platforms (76%) compared to APAC which is the lowest (53%). Across the board, 51% globally reported that cyberbullying is done by a classmate of the child who was bullied. In North America this number is the highest (65%), and in the Middle East/Africa (39%) it is the lowest.

The study defines cyberbullying as when a child or group of children (under the age of 18) intentionally intimidate, offend, threaten, or embarrass another child or group of children, specifically through the use of information technology, such as a website or chatroom on the Internet, a cellular telephone, or another mobile device. Globally, a majority of adults (76%) feel that cyberbullying is a fundamentally different type of bullying that needs special attention from parents and schools, in addition to existing efforts to address bullying in general.

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ECONOMY

Real GDP grew 7.5% in May 2018

Georgia's economy expanded 7.5% y/y in May 2018, after growing 6.5% y/y in previous month, according to GeoStat's rapid estimates. Fastest growing sectors were transport, manufacturing, trade, financial intermediation, and hotels and restaurants in May. Overall, in 5M18 real GDP growth was 6.1% y/y. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics.

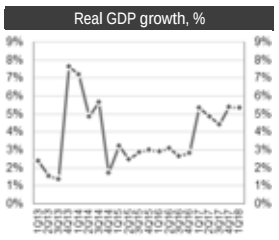
Current account deficit was 11.6% (+0.2ppts y/y) of GDP in 1Q18, increasing 17.7% y/y to US$ 428.0mn, according to NBG. Merchandize trade deficit, traditionally the major contributor to deficit creation, increased 18.9% y/y to US$ 971.0mn, as exports increased 26.5% y/y, while imports were up 22.6% y/y. Positive balance in service was up 17.6% y/y to US$ 378.3mn (10.3% of GDP), driven by strong tourism inflows (up 29.4% y/y to US$ 550.8mn). Surplus in current transfers amounted to US$ 340.7mn (9.3% of GDP, up 13.0% y/y). Together, services and transfers financed 74% of the trade deficit. Net FDI (4.8% of GDP) and other investments (7.9% of GDP) were major funding categories of the CA deficit.

Key macro indicators

	5M18	2017	2016
GDP (% change)	6.1%	5.0%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US$)	...	4,068	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.5%	6.7%	1.8%
Gross reserves (US$ bn)	3.0	3.0	2.8
CAD (% of GDP)	11.6%(1)	8.7	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.4%

Source: Official data, IMF
1) As of 1Q18

Real GDP growth, %



Source: GeoStat

Georgia sovereign credit ratings

Standard & Poor's	Moody's Investors Service	Fitch Ratings
BB- Stable Affirmed May-2017	Ba2 Stable Affirmed Sep-2017	BB- Positive Affirmed Mar-2018

Source: Rating agencies

International ranking, 2017

Ease of Doing Business s# 9(Top 10)

Economic Freedom Index # 16 (mostly free)

Global Competitiveness Index # 59 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

NPLs at 2.6% in May 2018

In May 2018, the banking sector loan portfolio increased 18.6% y/y after growing 22.1% y/y in previous month, excluding the exchange rate effect. In unadjusted terms, loan portfolio was up 20.0% y/y and up 1.1% m/m to GEL 22.9bn (US$ 9.3bn). Deposits were up 20.6% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 22.3% y/y and up 0.7% m/m to GEL 20.0bn (US$ 8.1bn). Deposit dollarization declined to 62.3% (-6.3ppts y/y and -0.2ppts m/m). NPLs stood at 2.6% in May 2018 (-1.1ppts y/y and unchanged m/m).

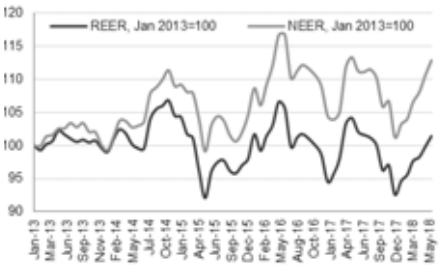
NBG Purchased USD$ 20.0mn

On 25 and 28 June 2018, the NBG intervened on the FX market and purchased US$ 10.0mn and US$ 10.0mn, respectively, on its foreign exchange auction. YTD, NBG purchased US$ 50mn.

Loan and deposit dollarization

Source: NBG

Nominal Effective Exchange Rate and Real Effective Exchange Rate



Source: NBG
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate.

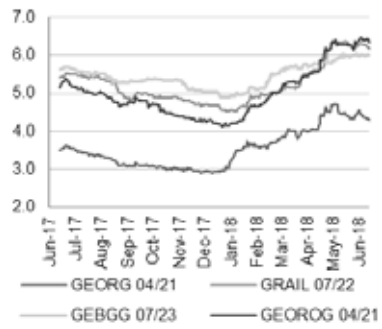
FIXED INCOME

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.0% yield, trading at 99.9 (-0.04% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.0 (-0.5% w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 94.3 (-0.1% w/w), yielding 7.4%.

GOGC Eurobonds (GEOROG) were trading at 101.0 (+0.2% w/w), yielding 6.3%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.5 (+0.3% w/w), yielding 6.2%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.7 (+0.2% w/w) at 4.3% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

	Local bonds				Eurobonds					
	GWP 12/21	M2RE 10/19	Nikora 06/19	GLC 08/20	GEOCAP 03/24	GEBGG 06/20	GEOROG 04/21	GEBGG 07/23	GEORG 04/21	GRAIL 07/22
Amount, US$ mn	30*	25.0	10.0	10.0	300	500*	250	350	500	500
Issue date	12/16	10/16	08/17	8/17	03-18	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	06/19	8/20	03-24	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.75**	7.5	9.0	7.00	6.125%	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/ Moody's	BB-/-/-	-/-/-	-/-/-	n/a	-/B+/B2	BB-/-/Ba2	BB-/B+/-	BB-/-/B2	BB-/BB-/Ba2	B+/B+/-
Mid price, US$	n/a	102.5	101.3	102.05	94.3	100.0	101.0	99.9	106.7	105.5
Mid yield, %	n/a	5.5%	3.8%	6.00%	7.4	10.7	6.3	6.0	4.3	6.2
Z-spread, bps	n/a	n/a	n/a	n/a	448.6	346.1	350.4	313.7	146.0	332.7

** 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*

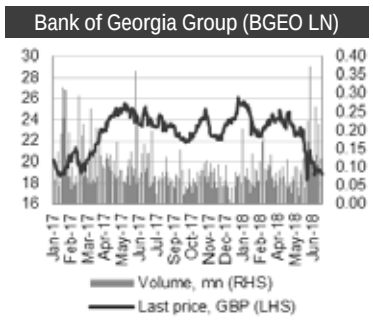
Eastern European sovereign 10-year bond performance

Issuer	Amount, US$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid yield, %
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	4.3
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	4.9
Bulgaria	323	5.000%	19/07/2021	BBB-/-/-	0.1
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	1.0
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	3.7
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	4.0
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	3.6
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	5.8

Source: Bloomberg

EQUITIES

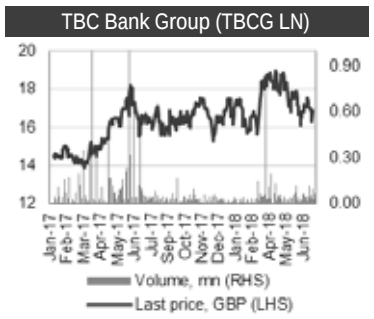
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 18.85/share (-2.19% w/w and +1.14% m/m). More than 519k shares traded in the range of GBP 18.84 – 19.63/share. Average daily traded volume was 131k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.76% w/w and gained 0.49% m/m. The volume of BGEO shares traded was at 1.06% of its capitalization.

TBC Bank Group (TBCG LN)

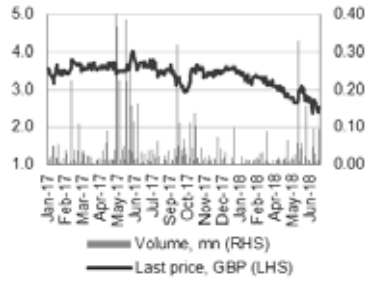


Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 10.30/share (-9.01% w/w and -7.51% m/m). More than 581k shares traded in the range of GBP 10.25 – 11.55/share. The volume of CGEO shares traded was at 1.50% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.46 (+3.31% w/w and +8.72% m/m). More than 197k shares changed hands in the range of GBP 16.54 – 17.50/share. Average daily traded volume was 47k in the last 4 weeks.

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

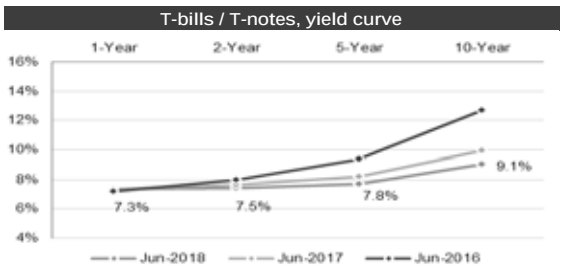
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.52/share (-1.37% w/w and -13.43% m/m). More than 173k shares were traded in the range of GBP 2.39 – 2.59/share. Average daily traded volume was 20k in the last 4 weeks. The volume of GHG shares traded was at 0.13% of its capitalization.

MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 900mn (US$ 366.6mn).

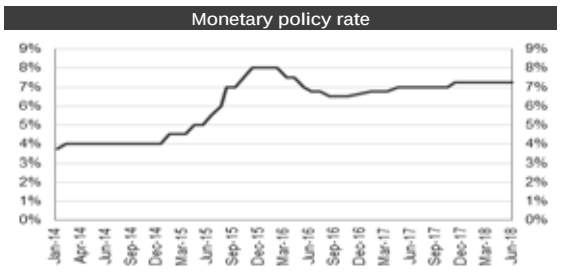
Ministry of Finance Treasury Notes: 5-year GEL 30.0mn (US$ 12.2mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on June 27, 2018. The weighted average yield was fixed at 7.748%. The nearest treasury security auction is scheduled for July 4, 2018, where GEL 40mn nominal value 1-year T-bills will be sold.

T-bills / T-notes, yield curve



Source: NBG
**Note: As of latest auction.*

Monetary policy rate



Source: NBG

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

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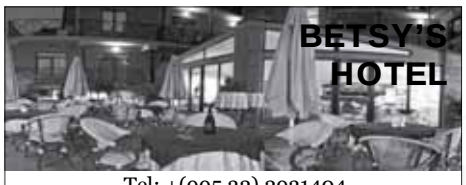
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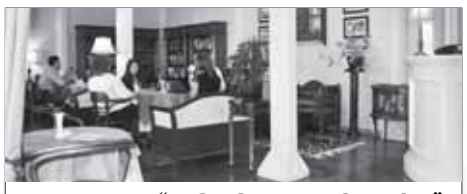
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Scents Of Italian Renaissance Love Story In The Middle Of Tbilisi

The FINANCIAL

Pantheon Roma, Italian niche perfume brand presented its amazing, truly Italian scents in front of Georgian media representatives last week. L'AROME BOUTIQUE, niche perfume store, located on newly renovated Marjanishvili street hosted an amazing presentation of Pantheon Roma perfumes.

With his very Italian accent and charisma Leone Fadelli, representative of the brand traveled the invited guests to an amazing journey of Pantheon Roma scents.

"Pantheon Roma is inspired by the most beautiful story of the Italian Renaissance. The story is delightful and tells of Raphael Sanzio who, when called to Rome by the Pope to paint his apartments, finds himself moving among the grandest aristocracy of the time, becoming betrothed to marry Maria, niece of Cardinal Medici. But Raphael falls helplessly in love with Margherita, daughter of a baker in the Trastevere district," Leone Fadelli said.

"Forbidden love, given their comparative difference in wealth, which is consumed in the garden behind her father's bakery. And theirs is such a great passion that after a fiery night with Margherita, Raphael falls ill and dies a few days later. He is buried in the temple of the Pantheon – the only artist to receive such an honor. Margherita closes herself in a nearby convent to remain close to him and as a declaration of her eternal love for him. This story is so beautiful and powerful that it has been told with perfumes that can reevoke memories and feelings like few others," Leone Fadelli told the guests.

The Pantheon Roma line comprises of seven pure Extraits de Parfum; RAFFAELLO It's a men's and unisex fragrance, intriguing and mysterious, has the soul of a creative, bewildered, refined artist. Notes: Absinthe, Leather, Wood.

DONNA MARGHERITA Warm, sensual, seductive and harmonious, charming and irresistible; like an inquisitive, attractive woman: soft and strong. Her smile is hard to resist. Notes: Tuberose, Jasmin, Lily of the valley.

IL GIARDINO Green woody and slightly pungent yet at the same time harmonious. It expresses the profile of a person who is distinguished and delicate, sincere and spontaneous, but also deep and thoughtful. Notes: Ivy, Lichens, Wood, Floral bouquet. NOTTE D'AMORE Strongly passionate, provocative and fascinating. Precious and rare. TRASTEVERE Olfactory image, warm, gourmand and sensual. Strong and audacious soul.

Leone Fadelli presented two newest perfumes of Pantheon Roma as well. Dolce Passione,- Exquisite softness and elegance. Notes: Plain chocolate, Truffle, Honey, Vanilla, Red fruits, Tonka bean. Così Blu

The skies of the Renaissance evocative of liberty and mysticism. Ascending incense with a fresh liberated base. Notes: Absinthe, Cinnamon, Strawberry, Incense, Sandalwood, Cedar, Vanilla, Grey Amber, White Musk.

According to Fadelli, Dolce Passione is not just another gourmand fragrance, but something more: a masterpiece stimulating our senses. Deep sensuality of perfume is also visible in the new packaging: instead of signature gold Dolce Passione is now presented in fiery, provocative red box.

The composition is mainly built around the tones of dark chocolate, strenghten with the precious taste of white truffle. Other notes include hazelnut, honey, vanilla, strawberry and plum over warm tonka bean and white musk.

Pantheon Roma has found great idea to promote Dolce Passione – owners reached acclaimed master gelato and chocolate maker, artist of the "fifth taste" Paolo Brunelli to create spreadable chocolate cream with forest fruits accord, attractively presented in metal tubes evoking those used by painters.

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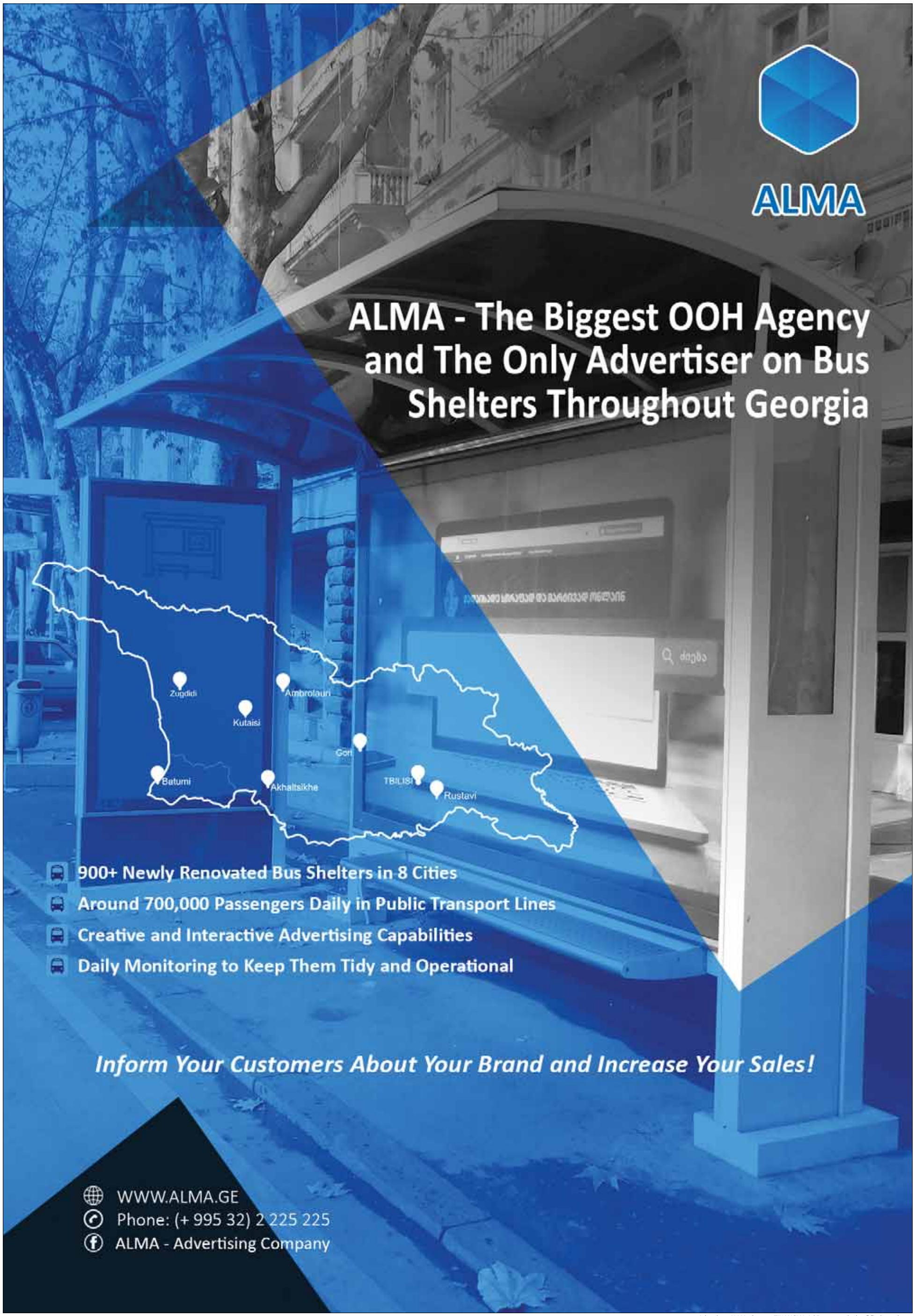

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