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Mobile banking is changing how we pay

See on p. 14

A tip for NATO to keep Georgia even closer

See on p. 8

MERAB PACHULIA, GORBI

23 July, 2018 News Making Money http://www.finchannel.com

Pentagon to Give Ukraine $200 Million More in Military Aid

The FINANCIAL -- The U.S. Defense Department says it will give $200 million to Ukraine to help bolster its military's defensive capabilities. Voice of America reported.

The Pentagon said in an announcement Friday the money will be used to help fund military training, equipment and advisory assistance. All the military aid is nonlethal in nature.

A timeline for delivery of the aid and equipment is to be determined later, the Pentagon said.

Continued on p. 2

Consumer sentiment in Europe improves slightly

The FINANCIAL -- The consumer sentiment among European consumers improved slightly in the second quarter of 2018.

In June the GfK Consumer Climate for the 28 EU states reached 23.2 points, thus taking it 2.6 points above March's figure. This is its highest level since November 2007. The average propensity to buy in the EU dropped slightly, although the propensity to save also fell, making more money available for consumption, according to GFK.

Continued on p. 6

Kids of Working Moms Grow Into Happy Adults

The FINANCIAL -- In earlier research, Kathleen McGinn and colleagues discovered that adult kids of working moms are high achievers at work. Now it turns out they are happy, too.

In 2015, preliminary results of a groundbreaking study found that the daughters of employed mothers often perform better in their eventual careers than the daughters of stay-at-home moms.

Now the full study has been released, and it brings even more good news for the children of working moms: They wind up just as happy in adulthood as the children of moms who stayed home, according to HBS.

Harvard Business School Professor Kathleen McGinn hopes the findings bring a big sigh of relief for guilt-ridden mothers who either have to hold down a job to make ends meet or simply choose to work outside the home while raising their children.

Continued on p. 17

Estimating the Risk of Modern Slavery in 2018

The FINANCIAL -- In 2017, Walk Free Fou ndation and the International Labour Organization estimated that there were 40 million victims of modern slavery on any given day in 2016, including 25 million people in forced labor and 15 million in forced marriage.

Some regions of the world suffer this problem disproportionately, with modern slavery most prevalent in Africa (7.6 per 1,000 people) and least prevalent in the Americas (1.9 per 1,000 people).

o provide a targeted, objective assessment of the problem at the country level, Walk Free and Gallup have collaborated since 2014 to collect data on modern slavery using nationally representative household surveys implemented through the Gallup World Poll.

Continued on p. 11

Fewer severe natural disasters in the first half of the year

The FINANCIAL -- The first half of 2018 was fortunate in that natural disasters across the world caused significantly lower losses than usual. According to provisional figures, overall losses were around US$ 33bn, the lowest level since 2005 (US$ 29bn after adjustment for inflation).

Continued on p. 4

CURRENCIES

	July 21	July 14
1 USD	2.4417	▲2.4478
1 EUR	2.8436	▲2.8458
100 RUB	3.8430	▲3.9292
1 TRY	0.5080	▼0.5040

financial news

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CURRENT PRICES ON GASOLINE AND DIESEL

23 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

Wissol	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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The Pentagon said in an announcement Friday the money will be used to help fund military training, equipment and advisory assistance. All the military aid is nonlethal in nature.

A timeline for delivery of the aid and equipment is to be determined later, the Pentagon said.

The latest military aid brings the total U.S. security sector assistance to Ukraine to more than $1 billion since 2014, when Russia annexed Crimea.

Ukraine's government has been working to make its armed forces more compatible with those of the NATO alliance.

"The implementation of these reforms will bolster Ukraine's ability to defend its territorial integrity in support of a secure and democratic Ukraine," the Pentagon said.

The new assistance comes during a time of political debate over U.S.-Russian relations in the aftermath of the Helsinki summit between U.S. President Donald Trump and Russian President Vladimir Putin.

Mercer Survey reveals Managing High Cost Claimants' is Eployers' Top Health Benefits Strategy

The FINANCIAL -- "Managing and monitoring high cost claimants" is the top health benefits strategy that US employers will be focusing on for the next five years, according to Mercer, a global consulting firm. More than three quarters (77%) of US employers with 500 or more employees said this strategy was "very important" or "important". These findings come from a recent analysis of responses to the Mercer National Survey of Employer-Sponsored Health Plans, 2017.

The rapid rise in high cost claims is most likely a key driving force behind this strategic prioritization by employers. A study of carrier claims data from Mercer Health Advantagesm, (MHA) a program offered through select insurance carriers that features high-intensity care management for the sickest employees, revealed a rapidly growing percentage of claims classified as "high cost" by the participating carriers .

"High cost claims are clearly one of the issues that keep employer health plan sponsors up at night," said Mercer's Jean Moore, Senior Director, Health Specialty Practices. "Fortunately there are ways employers can improve the experience of employees and family members dealing with serious conditions while also mitigating cost. This can be done by helping to ensure that patients are receiving the right care, delivered in the right place at the right time."

Generally, a relatively small number of plan members drive a large majority of the cost. According to Mercer's database containing approximately1.6 million members, on average the sickest 6% of an employer's population represent 47% of the total allowed medical and pharmacy spend. High touch, nurse-centered care coordination can often produce the best possible health outcomes and as cost-efficiently as possible. MHA has achieved a 3.3:1 Return On Investment for plan year 2016, maintaining the same strong result of 2015, while also improving patient outcomes.*

The important difference between standard health advocacy programs and high-intensity care management programs such as MHA is that the care manager works directly with the care team as well as the patient and family, stays in contact after discharge to provide support, and provides a supportive role in improving compliance with treatment plans. Real life MHA patient success stories include:

A patient in a car accident spent months in a hospital and then a rehabilitation facility to recover from severe injuries. The patient's nurse care manager kept in contact with the providers and the family to ensure that the patient progressed through the proper course of care and had a full understanding of his treatment and health status. The nurse also helped him apply for disability and set up care and durable medical equipment in the home when he was discharged. Careful monitoring and follow-up ensured a smooth transition from facility to home and prepared the patient and his family on what to know or avoid to prevent relapse or readmission.

For an older patient having a hospital admission for hip replacement, the care manager spoke with the member prior to admission to set expectations regarding the surgery and recovery. Once home, the nurse spoke with the patient and her daughter about pain management, proper medication dosage, helped schedule follow-up appointments and arranged for physical therapy to begin at home.

Another patient credits his nurse care manager with saving his life by convincing him that his chest pain (the onset of a heart attack) warranted a trip to the emergency room for immediate care.

"Employers are justified in placing high cost claims at the top of their worry list," said Ms. Moore. "As the prevalence of high cost claims encroaches on limited plan dollars, plan-sponsors must be mindful of the value or return-on-investment derived from solutions focused on high cost claims management, not simply cost alone. Value should be the starting point for any employer's strategic planning and action when it comes to high cost claimants."

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Fewer severe natural disasters in the first half of the year

The FINANCIAL -- The first half of 2018 was fortunate in that natural disasters across the world caused significantly lower losses than usual. According to provisional figures, overall losses were around US$ 33bn, the lowest level since 2005 (US$ 29bn after adjustment for inflation).

However, individual events did cause high losses for those concerned, for example crop losses in the agricultural sector as a result of drought in Europe.

Also, it is the second half of the year that usually brings higher losses. For example, in 2017 the series of major hurricanes, Harvey, Irma and Maria, pushed overall losses for the year to US$ 340bn.

Overview of natural catastrophe figures for the first half of 2018

The overall losses of US$ 33bn were roughly half those of the previous year and of the price-adjusted average for the last 30 years (US$ 65bn and US$ 68.3bn respectively).

At approximately US$ 17bn, insured losses were less than in the previous year (US$ 25.5bn), but more or less matched the average for the first six months over the last 30 years (US$ 17.5bn), according to Munich Re.

Even so, some 3,000 people lost their lives in natural disasters in the first half of 2018, a lower figure than the 5,540 for the corresponding period last year. This reduction is particularly encouraging when compared with the long-term average of 28,000.

The NatCatSERVICE database registered 430 relevant natural disasters in the first half of 2018, more than the long-term average (250) and the previous year (380). (Read more)

Winter losses prominent in the loss figures

Windstorms and cold weather in Europe and North America during the winter months feature prominently in the statistics for the first half of the year. The most destructive event was Storm Friederike, which swept across the United Kingdom, northern France, the Benelux states and Germany in mid-January, with speeds of up to 150 km/h on flat terrain and 200 km/h in elevated areas. Thousands of buildings and motor vehicles were damaged. In Germany, long-distance train travel was disrupted after uprooted trees had torn down the overhead lines in many places. Overall losses came to €2.2bn (US$ 2.7bn), of which €1.7bn (US$ 2.1bn) were insured, reflecting the high insurance density of windstorm cover in Europe. Roughly two thirds of the losses occurred in Germany. Just a few weeks previously in the same regions, Storm Eleanor (known in Germany as Burglind) had caused damage close to the billion euro mark.

With biting cold and snow, winter held Europe and North America firmly in its grip until well into March. Between the end of February and mid-March, North America was hit by several widespread snowstorms, known locally as "nor'easters". These are large low-pressure systems originating in the southwest that batter the shoreline with strong northeast winds as the storm moves up along the east coast. Nor'easters are frequently accompanied by heavy snowfalls and can herald extended periods of frost in eastern North America. The most destructive event was a blizzard in the first week of March, which caused overall losses of US$ 2.2bn, of which US$ 1.6bn was insured.

In total, winter losses in Europe came to €3.9bn (US$ 4.8bn), of which €2.9bn (US$ 3.6bn) was insured. The winter in North America caused overall losses in the first half of the year totalling US$ 3.8bn and insured losses of US$ 2.7bn.

Thunderstorms and drought in Europe

An unusual weather pattern developed in central Europe in May and early June. In the south and west of Germany, as well as in France, a series of very slow-moving thunderstorms formed in warm, moist air masses, triggering flash floods in many places. The flooding was caused by torrential rainfall that the storm sewers were unable to cope with. Overall losses from the storms came to around €1.6bn, with insured losses of at least €900m.

On the whole, losses caused by severe thunderstorms are rising in Germany – even after taking increasing values into account. While windstorm and hail losses enjoy a high level of insurance coverage, the share of insured losses from flash floods is usually well below 50%.

At around the same time, northeast Germany, Denmark, parts of Poland, Scandinavia, the Baltic states and the Balkans were experiencing very high temperatures and extremely dry weather. One result of this is that the grain harvest will be very poor in many of the affected regions. Many places fear downturns in yields, or even total losses, but the loss amounts can only be determined after the crops have been harvested, according to Munich Re.

The reason for both these phenomena was a stable weather pattern featuring a blocking high-pressure area over Scandinavia and an expansive low-pressure system stretching from western to central parts of Europe. Areas of central Europe recorded the warmest May since 1881, having just experienced the warmest April as well.

Ernst Rauch, Chief Climate and Geo Scientist at Munich Re, explained the background: "Although individual events like these cannot be attributed to climate change, climate model studies show that one future effect of the increase in temperature will be more frequent periods of heat and drought, along with more intensive convective rainfall. So these weather processes roughly fit the pattern that may be expected more frequently in future as a consequence of climate change."

Major volcanic eruption in Guatemala

In Guatemala, more than 100 people were killed, with many more still missing, after a deadly eruption of the volcano Fuego. In the eruption, pyroclastic flows rolled down the sides of the 3,700 metre high volcano. The clouds of ash and boulders have a temperature of several hundred degrees and can reach speeds of well over 100 km/h.

Oman hit by extremely powerful cyclone

At the end of May, Oman was hit by the strongest tropical cyclone ever registered on the Arabian peninsula. On 25 May, Cyclone Mekunu made landfall close to Salala, the Sultanate's third-largest city, with speeds of 185 km/h, making it a Category 3 storm (the third-highest category) on the Saffir-Simpson scale. The cyclone also brought an enormous volume of rainfall: in the space of three days, there was between 300 and 600 mm of rainfall, equivalent to the average amount over four to eight years. According to initial estimates, overall losses could amount to several hundred million dollars, with about a third of these insured. 30 people were killed.

There is still not much known about the loss figures from the Mw 5.5 earthquake that struck the southern Japanese prefecture of Osaka on 18 June. The epicentre was located near the city of Hirakata. The tremors from the quake, which occurred at a fairly shallow level of 13 km, could be felt in both major cities Osaka and Kyoto. Several thousand buildings were damaged and the electricity supply for 170,000 households was disrupted. However, thanks to the very high building standards in earthquake-prone Japan, damage was kept within limits.

Aging Asian Workforces Most Vulnerable to Workplace Automatisation, New Report

The FINANCIAL

Older workers in China and other Asian nations are most vulnerable to displacement from increasing adoption of workplace automation, according to "The Twin Threats of Aging and Automation," a new report released today by Marsh & McLennan Companies' (NYSE: MMC) Global Risk Center. The convergence of an aging global population with workplace automation is expected to have significant economic and societal consequences, particularly in major Asian countries, where low-skilled workers between the ages of 50 and 64 are becoming an increasingly greater proportion of the active workforce.

To garner insight on the related risks of societal aging and workplace automation, the Global Risk Center brought together experts from two of Marsh & McLennan Companies' leading professional services firms, Mercer and Oliver Wyman, to aggregate and analyse market-specific economic data to quantify the risk posed by automation to older workers in 15 countries across Asia, Europe and the Americas (see "Figure 1"). The study found that five out of the top six countries – China, Vietnam, Thailand, South Korea and Japan – were located in the Asian Pacific.

"While businesses today are racing to adopt intelligent technologies, the fallout of this shift could disproportionately impact older workers, leading to unemployment, widening inequality and greater strain on safety nets," said Axel Miller, Oliver Wyman partner and co-author of the report. "Even as older workers in aging nations are willing and able to engage in meaningful work, those skilled in the 'yesterday' work environment might be at risk of being excluded from the economy of tomorrow."

Older worker jobs in China are at the greatest risk of displacement. On average, Chinese workers are doing jobs that are 76 percent automatable.

Canada (47 percent) and Australia (42 percent) have the lowest rates of aging of the 15 markets analyzed and the lowest risk scores, making older workers in these countries relatively less susceptible to automation.

Even in countries with high concentrations of advanced-skill workers whose jobs are typically harder to automate -- including Singapore, Japan, South Korea, Germany and Italy -- older worker jobs are still relatively susceptible to automation and worker displacement can occur across occupations and age groups.

In the United States, older workers are doing jobs that are on average 52 percent automatable.

"Automation enables unprecedented levels of productivity and gives firms the ability to invest in new revenue streams and younger workers," said Patty Sung, a principal with Mercer and co-author of the report. "However, investing in younger workers will become challenging as the younger population shrinks. Governments and companies should not – and cannot – ignore older workers, and need plans that address older workers in addition to their larger digital strategies."

Sustainable Development Goals in Corporate Reporting: What Matters to Investors?

The FINANCIAL -- UNITED NATIONS, New York -- Ten recommendations intended to stimulate more investment in sustainable business solutions to help advance the Sustainable Development Goals (SDGs) were published last Friday at the SDG Business Forum by the Global Reporting Initiative (GRI), Principles for Responsible Investment (PRI) and the United Nations Global Compact.

The recommendations focus on how corporate reporting on the SDGs can best address investors' information needs to help mobilize sustainable finance needed for the achievement of the SDGs. The three entities represent the world's leading organizations in the areas of sustainability reporting, corporate responsibility and responsible investing.

The 17 SDGs, adopted by 193 Members States at the United Nations in 2015, provide a shared framework to address the world's most urgent sustainability challenges.

Achieving the SDGs requires commitment not only from Governments and companies, but also from investors. It is estimated that by 2030, a total of US$90 trillion is needed to achieve the SDGs. Mobilizing this capital will require businesses to report on their actions to advance the Global Goals in a way that helps investors make informed decisions, directing resources towards investments with positive real-world impacts."The globally agreed SDGs are an articulation of the world's most pressing environmental, social and economic issues.

As such, they act as a definitive list of the material factors that investors should consider as part of their fiduciary duty," says Fiona Reynolds, CEO of PRI.There is also a strong business case for investing in opportunities aligned with the SDGs, and the benefits of meaningful sustainability disclosures are well established.

Says Tim Mohin, Chief Executive at GRI: "Investors want to see balanced reporting that showcases a company's targets and progress against the SDGs. Companies should consider risk factors and impacts on people and the society in a focused manner and strive to put out concise, consistent, current and comparable data."In 2017, GRI and the UN Global Compact established a joint initiative to help businesses to measure and manage their impacts on the SDGs. This new publication on the investor angle of SDG reporting is the latest achievement of this effort. "There is a need for bold leadership from business to realize the SDGs, an ambitious agenda which seeks to transform our world by 2030. We hope this report will support businesses in their efforts to reach investors and help mobilize the sustainable finance needed for the achievement of the SDGs, paving the path to a world where no one is left behind," says Lise Kingo, CEO and Executive Director of the UN Global Compact.

financial news

Government debt slightly up to 86.8% of GDP in

The FINANCIAL

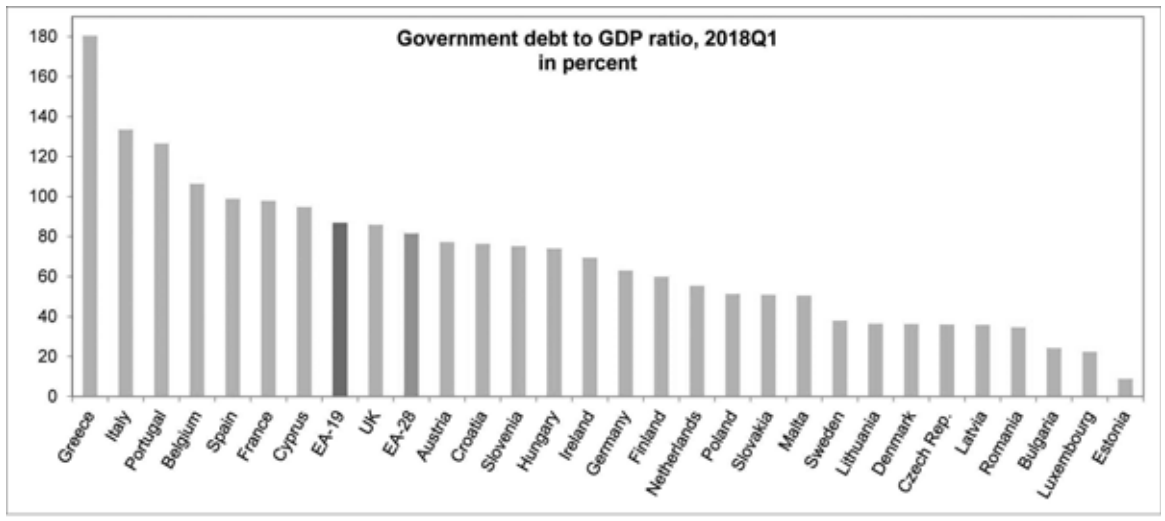
At the end of the first quarter of 2018, the government debt to GDP ratio in the euro area (EA19) stood at 86.8%, compared with 86.7% at the end of the fourth quarter of 2017. In the EU28, the ratio decreased from 81.6% to 81.5%. Compared with the first quarter of 2017, the government debt to GDP ratio fell in both the euro area (from 89.2% to 86.8%) and the EU28 (from 83.6% to 81.5%).

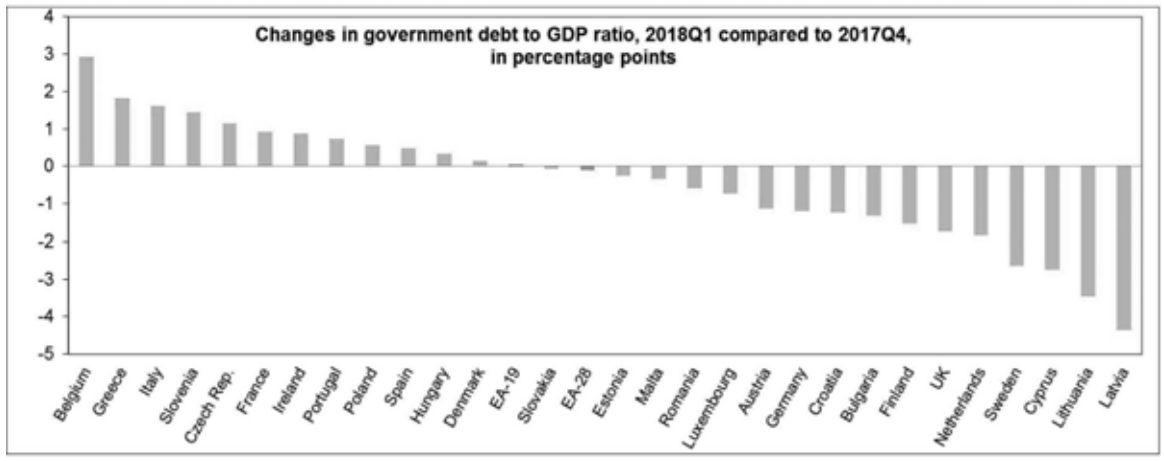
At the end of the first quarter of 2018, debt securities accounted for 80.8% of euro area and for 81.7% of EU28

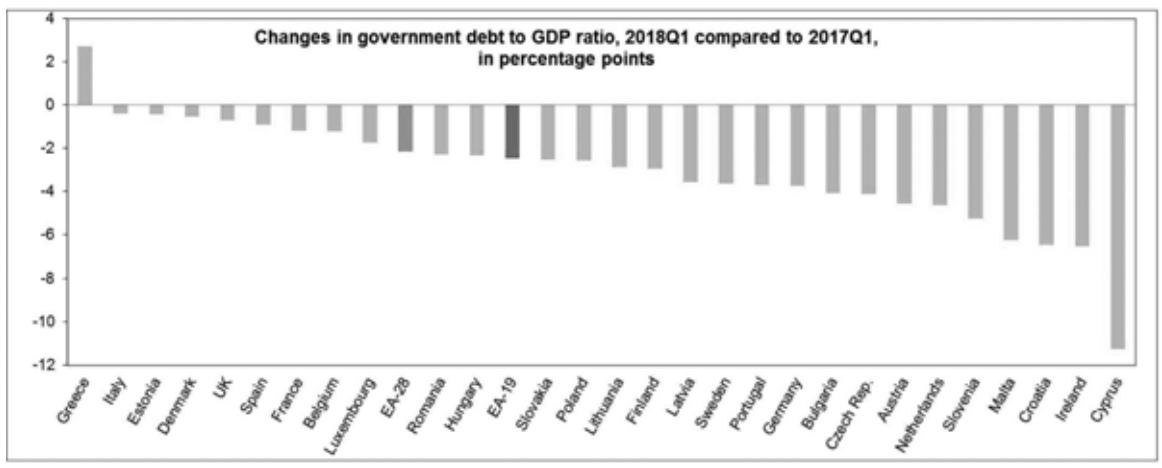
general government debt. Loans made up 16.2% and 14.2% respectively and currency and deposits represented 3.0% of euro area and 4.1% of EU28 government debt. Due to the involvement of EU governments in financial assistance to certain Member States, quarterly data on intergovernmental lending (IGL) is also published. The share of IGL in GDP at the end of the first quarter of 2018 amounted to 2.1% in the euro area and to 1.5% in the EU28.

Government debt at the end of the first quarter 2018 by Member State

The highest ratios of government debt to GDP at the end of the first quarter of 2018 were recorded in Greece (180.4%), Italy (133.4%) and Portugal (126.4%), and the lowest in Estonia (8.7%), Luxembourg (22.2%) and Bulgaria (24.1%). Compared with the fourth quarter of 2017, twelve Member States registered an increase in their debt to GDP ratio at the end of the first quarter of 2018, and sixteen a decrease. The highest increases in the ratio were recorded in Belgium (+2.9 percentage points – pp), Greece (+1.8 pp), Italy (+1.6 pp), Slovenia (+1.4 pp) and the Czech Republic (+1.1 pp). The largest decreases were recorded in Latvia (-4.4 pp), Lithuania (-3.5 pp), Cyprus (-2.8 pp) and Sweden (-2.6 pp). Compared with the first quarter of 2017, only Greece (+2.7 pp) registered an increase in its debt to GDP ratio at the end of the first quarter of 2018, and twenty seven Member States a decrease. The largest decreases were recorded in Cyprus (-11.3 pp), Ireland (-6.5 pp), Croatia (-6.4 pp), Malta (-6.2 pp) and Slovenia (-5.3 pp)







Insurers must rethink traditional coverage to create solutions for sharing economy

The FINANCIAL

Consumer survey shows sharing is widespread, but tremendous growth opportunity still exists.

A study of six key markets – China, United Arab Emirates (UAE), Germany, France, UK, and US – reveals more than a quarter of the population has either bought services or rented possessions from their peers via shared platforms in the past three years.

Approximately 500 million people share assets or services across these six key markets, and close to 680 million people make use of them.

57% of adults who have sold services or lent products in the sharing economy in the past three years were insured by transaction-embedded or personally owned cover.

Potential for double digit increases in the percentage of the population willing to share services or assets.

New research from Lloyd's and Deloitte systematically analysed the sharing economy with the aim to understand where insurance can support growth and opportunity in this booming sector. The study focuses on the peer-to-peer model and specifically the services, real estate and finance sectors.

Squaring risk in the sharing age - How the collaborative economy is reshaping insurance products calls attention to the role of the insurance industry in supporting shared platforms as they grow and develop.

While more than one in four people across the six countries surveyed has been a consumer of shared goods or services, the penetration rates differ considerably by country yielding notable geographic insights:

In the US, the birthplace of the sharing economy, sharing is less widespread than it is in China and the UAE.

China is the stand-out market for shared goods and services. Almost three quarters (73%) of the online population are consumers and just over half (55%) supply goods and services to it – more than double the figures reported for the US and European markets.

The UK has the lowest sharing economy participation levels on both the supply and demand sides. Less than one in ten (9%) have shared in the past three years, which is ten percentage points less than European neighbour Germany.

"Sharing economy platforms have transformed entire industries because they've rejected the status quo and challenged the way we think about once traditional goods and services. In order to effectively serve the sharing economy, we as insurers must follow that example and rethink traditional insurance products," Lloyd's Head of Innovation, Trevor Maynard, said.

The report highlights that transacting in the sharing economy is not without risk and adequate protection for all parties means insurers must continue working to adapt traditional coverages to fit the unique needs of this sector, whether it's solutions provided by platforms via transaction-embedded cover, or a product purchased independently by sharing economy participants. A range of insurance products currently offered cover potential risks such as losing a possession, facing liability or suffering damage, among others. Despite these risks, the positive experiences and benefits provided by the sharing economy, mean that it continues to grow and diversify. The opportunity for sharing economy platforms and the insurance industry to work together is clear.

Nigel Walsh, partner in Deloitte Digital said: "In our market scanning, we're not only seeing an increasing number of sharing economy platforms provide insurance to their users, including bespoke products through the Lloyd's market, but also a large number of startups helping to solve the insurance gap for all participants in the sharing economy. Equally, insurers are still in the very early stages of developing the dynamic and flexible solutions this sectors needs as it continues to evolve at pace. The opportunity for sharing economy companies and insurers to partner to reduce risk in this space has real implications and exciting opportunities for future growth."

Four out of five recent graduates find a job

The FINANCIAL -- In 2017, over 80% of recent graduates in the EU were employed. This is the fourth consecutive year that the rate of employment for recent graduates has risen, reversing the decrease seen between 2008 and 2013.

Recent graduates refer to people aged 20-34, who are not in education and training, and who completed their education at most three years ago. The education level considered is at least upper-secondary education, so also includes tertiary education.

Employment rate of recent graduates

Malta (95%), Germany (91%), the Netherlands and the Czech Republic (both 90%) recorded the highest employment rates for recent graduates.

At the other end of the scale, the lowest employment rates for recent graduates were in Greece (52%) and Italy (55%).

surveys & analysis

MERAB PACHULIA, GORBI

A tip for NATO to keep Georgia even closer

Having a big circle of friends is exciting and cool. It is exciting because it is positively correlated to the number of events and supras I attend, and it is cool because getting together with close friends gives us an opportunity to discuss questions like "what would we ask for if we had a Gini in the bottle?" and how would we change and mitigate the reality we live in? For instance, just a couple of days ago some friends and I we were discussing some interesting findings that I received from one of my sources, who has access to data of registered businesses (and who preferred to stay anonymous). When we met recently, I asked him to employ my algorithm and check the database to see what kind of email services the Georgian business community is using and their origins. The result was most alarming and certainly needs to be addressed carefully and ASAP. Moreover, my friends and I developed an outline of a marketing campaign that we are tentatively calling "Shame and Educate." And of course, we are most open to handing it to anyone when and if there is interest.

To start with, did anyone know that well over one third (39%) of Georgian businesses are using mail servers owned by Russian businesses and located in Russia? Well I did not. But I am sure we all (or most of us) can agree that this poses a serious and imminent threat, one that can blow up in our faces at any moment. While I understand that business needs to be transparent, I don't understand why anyone would want to be transparent with the Russian security services. I also aware that Georgian businesses are not developing a space program or any high-tech startups, but just imagine if one day all these services were to be blocked by the service providers.... If GORBI was relaying on a .ru mail service and was shut down, we would simply be out of business in a month's time, nothing to say about losing all correspondences and information that has been archived over the last two decades.

Table1. Type and origin of email service providers by size of businesses

	TOTAL registered business	Small	medium	Large
gmail & yahoo .COM	51	50	61	55
mail & rambler .RU	**36**	**37**	**33**	**24**
posta.GE	3	3	1	1
Dedicated accounts	9	7	19	45

Source: based on registered business data base (≈145k emails were analyzed). Businesses had more than one email address mentioned, thereof, data exists 100%.

And of course, here is the million-dollar question: Is this sabotage? NO – this is my free answer. Let's do a brief tour of the evolution of electronic communication including email in Georgia. I am here to describe this based on my personal experience. I obtained a corporate email in 1991 (yes, nineteen ninety-one) thanks to a joint project between the Georgian Academy of Sciences, NATO and the Soros Foundation which set up the very first email server in Georgia. At present, very few businessmen can recall the cost of sending one page of text via a fax machine to the EU or USA, but I do - it was USD 2.50, and we used to send tens of pages of multi-language questionnaires and survey instruments to our clients. Now, perhaps it is not a big deal to spend a few hundred bucks for communications if you are talking about the average project, but at that time, USD 2.5 was equal to enough rubbles to purchase a roundtrip ticket to Moscow.

And then email came along – it saved not only a huge amount of cash, but we were able to send and receive documents in electronic format. We were pioneers, and electronic mail became popular by the end of 90s when internet penetration reached 10%, and even higher among businesses. At that time the service was offered by Western and Russian companies, and knowledge of English among the public as well as the business community was miserable. As a consequence, they had to rely on Russian services. However, time has passed, all major Western email services now have Georgian interface. People either don't want to move to a new email address or they don't know how to (and I believe most of them have never heard about synchronizing more than one email account or exporting archives into another service provider, etc.). And of course, it is all about institutional culture as well, especially for the large and medium businesses.

Naturally, we are talking about FREE services here and the only good thing is that Russian email services are most prevalent among small businesses. As the size of a business rises, the number of .ru domains are decreasing. The latter is basically on an expanse on having the own domain and in majority of cases - .ge

My eyes caught this "anomaly" the first time when I was doing an on-the-ground survey of Georgian troops in Iraq in 2008. While walking into an "internet café" on one of the largest military bases where we had several hundreds of soldiers stationed, I remember noticing at least logged out interfaces of .ru domains on at 7 out of 10 PC screens. Despite several attempts, GORBI has never had the chance to repeat the survey among Georgian troops in Afghanistan for the sake of comparatively and I can only hope that those figures are at least smaller now.

As shown in Table 1: the size of a business largely determines the type and origin the email service it uses. Almost half of the large businesses (45%) have their own email system and every fifth is using free Western emails, while 7% is still tied up with Russian services. The smaller the business is the more they rely on Russian free email services, 37% small, 33% medium and 24% large businesses are consequently using .ru emails. Among very few free Georgian services, only *posta.ge* has a noticeable presence and especially among small business owners – 3%, the rest, medium and large businesses have each 1% penetration only.

As we all are aware, some selected NGOs in Georgia are given grants to monitor Russian propaganda. They are trying to undercover and report it to their donors, conduct seminars and sometimes publish their findings so they can earn another tranche. Of course, I have nothing against this, like the pre-election media monitoring exercises that are always exclusively given to a certain group of people via strange tendering procedures and conducted using an archaic methodology... well, at least this helps the Georgian labor market and money is spent in my country. However, as I said earlier, we are facing a serious issue, and someone needs to deal with it. Given this reality, there are only a few players left, and I would name NATO in the first place. Here is why – despite Georgia's NATO aspirations, we are approaching membership very slowly. While plenty of experts are convinced that technically and based on its reforms, Georgia deserves MAP, followed by full NATO membership, this is still not happening and based on my personal assessment, the only issue now is to choose the right time and not provoke another Russian attack. When is this going to happen? Well, I think sooner that most skeptics think. But in the meantime, I think NATO should put this on the agenda as one of the requirements to qualify for membership and then, someone should run a "Shame and Educate" campaign or similar and over the next few years, monitor and assess how Georgian businesses are moving to **.com** free mail domains and preferable, creating their own ones. And NATO can help us, like they did 27 years ago when they provided a handful of businesses including GORBI access to emails.

Someone at NATO's Headquarters in Brussels may think that Georgians should be able to solve this issue quickly based on our track record of military reforms. But then they will still be faced with the dilemma of granting membership without irritating the Kremlin. I can tell him/her that Georgia would still be facing other big issues that needs to be addressed and changed and some of them are harder then the story described in this column. One issue off the top of my head is the question of what to do with the 30,000 or so Georgian men from the central Georgia (especially Gori region) who during every single supra drinks at least one toast to comrade Stalin? Well, I have a solution for this problem too, but would rather wait and see how Georgian business's electronic communication culture changes first.

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

rent in america

Black Renters Could Afford 16 Percent of Rentals in 2017

The FINANCIAL -- SEATTLE, July 17, 2018 -- Rental options for black renters were far fewer than what Asian or white renters could choose from last year. Black renters could afford less than a third of the rentals that white or Asian renters could afford in 2017.

Black and Hispanic renters could afford, at most, 5 percent of rentals in Boston, New York, Los Angeles and Miami without spending more than 30 percent of their income on rent

A renter making the median U.S. household income in 2017 could afford 42 percent of rental listings on Zillow.

A black renter would have to spend 50 percent of their income on rent to afford the median listed rental.

Asian renters could afford a rental more than twice as expensive as black renters.

A renter making the median black household incomei ($39,647) in 2017 could afford 16.2 percent of the available rentals on Zillow® without putting more than 30 percent of their pre-tax income toward housing costs, according to a new Zillow analysis. If they spent 45 percent of their income on rent, they could afford 42 percent of the listed rentals – the same amount as a renter earning the median U.S. income ($59,250) could afford while only spending 30 percent of their income on rent, according to Zillow.

High rent burdens limit the financial freedom renters have. Those with the highest rent burden are often unable to put aside any savings on a monthly basis, and are also more likely to make other sacrifices such as dental careii. Most Americans aspire to become homeownersiii, but many struggle to save for a down payment and point to down payment savings as a key barrier to homeownershipiv. And as home values continue to rise, hopeful buyers will have to put aside increasing amounts of money to keep up with the cost of a standard down payment – a difficult prospect when rents already consume a large share of incomev.

"Perhaps more so than any other factor, income determines where and how we live in the United States today. Income disparities across racial and ethnic groups in the United States have remained stubbornly persistent, and as a result, Black and Hispanic families encounter far fewer affordable rental options than white and Asian families," said Zillow Senior Economist Aaron Terrazas. "With fewer affordable options, these households are likely to have to make sacrifices elsewhere, whether that means putting a higher share of their income toward rent and cutting back on saving, cutting costs elsewhere in their budgets, moving further away or living with more people. The desire to own a home is similar across all races, but the difference in homeownership rates between races is wide – a lasting legacy of the historical income gap."

The difference in rent affordability is especially stark when comparing how limited options are for black renters versus other racial groups. Renters earning the median Asian household income ($83,007) could afford 67.4 percent of rentals while spending 30 percent of their income on housing. Black households would have to spend upward of 60 percent of their income to come close to affording two-thirds of listed rentals.

Hispanic renters also had far fewer options than white or Asian renters did. Renters earning the median Hispanic household income ($48,210) could afford 27.3 percent of rentals last year. White renters with a median income of $64,944 could afford 49.7 percent of listed rentals.

Based on the median rent list price, a black renter would have to spend 49.4 percent of their income on rent to afford the median on-market rental last year. In San Francisco, the least affordable market for black renters, the typical rental would take up about three quarters of their income. St. Louis is the most affordable market for black renters, where the typical rental required 29.9 percent of the median income.

health

High fruit and vegetable consumption may reduce risk of breast cancer

The FINANCAL

Boston, MA – Women who eat a high amount of fruits and vegetables each day may have a lower risk of breast cancer, especially of aggressive tumors, than those who eat fewer fruits and vegetables, according to a new study led by researchers from Harvard T.H. Chan School of Public Health. In their findings, cruciferous vegetables such as broccoli, and yellow and orange vegetables, had a particularly significant association with lower breast cancer risk.

"Although prior studies have suggested an association, they have been limited in power, particularly for specific fruits and vegetables and aggressive subtypes of breast cancer," said first author Maryam Farvid, research scientist in the Department of Nutrition. "This research provides the most complete picture of the importance of consuming high amounts of fruit and vegetables for breast cancer prevention."

The researchers analyzed diet questionnaires submitted every four years by participants in the Nurses' Health Study (88,301 women, starting in 1980) and the Nurses' Health Study II (93,844 women, starting in 1991). Data on other potential breast cancer risk factors such as age, weight, smoking status, and family cancer history were taken from biennial questionnaires, according to HSPH.

They found that women who ate more than 5.5 servings of fruits and vegetables each day had an 11% lower risk of breast cancer than those who ate 2.5 or fewer servings. (A serving is defined as one cup of raw leafy vegetables, half a cup of raw or cooked vegetables, or half a cup of chopped or cooked fruits.)

To find out whether the benefits of fruit and vegetable consumption differed among various types of breast cancers, the researchers conducted an analysis by tumor hormone receptor status and molecular subtype. They found that higher consumption of fruits and vegetables was particularly associated with lower risk of more aggressive tumors including ER-negative, HER2-enriched, and basal-like tumors.

Previous work by this research group linked reduced breast cancer risk with higher fiber intake, but the benefits of fruits and vegetables found in this study appear to be independent of their fiber content, according to the researchers. This suggests that constituents of these foods, such as antioxidants and other micronutrients, may also be important in reducing breast cancer risk.

"While a diet with lots of fruits and vegetables is associated with many other health benefits, our results may provide further impetus for women to increase their intake of fruits and vegetables," said senior author Heather Eliassen, associate professor at Harvard Medical School and Harvard Chan School and associate epidemiologist at Brigham and Women's Hospital.

Asset Managers' Global Growth Surge Sets Stage for Digital Competition

Profitability and Asset Inflows Set Global Records in 2017, as Total Assets Under Management Rose to $79.2 Trillion. Firms Should Use This Windfall to Fund Adoption of Advanced Digital and Analytics, Says a New Report by BCG

The FINANCIAL

NEW YORK—A surge in global growth by the asset management industry, occurring as advanced digital and analytics are finally going mainstream, has positioned firms to invest in capabilities needed to stay competitive, according to a new report by The Boston Consulting Group (BCG). The study, titled Global Asset Management 2018: The Digital Metamorphosis, is being released today.

Fueled by bull financial markets, asset management's growth rebounded in 2017. Firms set global records for net inflows of assets and for profitability, according to BCG's 16th annual report on the industry. Total assets under management (AuM) recorded their strongest growth in a decade.

Reinvesting in Future Growth

"Asset managers would be wise to take advantage of a strong year to reinvest capital and talent in future growth," said Renaud Fages, a BCG partner, global leader of the asset management segment, and a coauthor of the report. "Most of the bounce-back growth of 2017 was market driven, not structural," he said. "Cost pressures and fee erosion will persist, especially when equity-market growth slows, as it shows signs of doing in 2018."

The value of global AuM rose by 12% to $79.2 trillion in 2017, from $71.0 trillion in 2016, the BCG report says. This represents the strongest annual growth since 2009, when assets rebounded from the depths of the global financial crisis the year before.

At the same time, advanced digital and analytics are finally going mainstream across the asset management industry. Nearly every firm now has a digital agenda—hiring technologists, experimenting with new analytics, and testing alternative data.

"Few asset managers, however, have mastered digital and analytics at scale," said Brent Beardsley, a senior BCG partner, former leader of the asset and wealth management segment, and a coauthor of the report. "That requires significant and sometimes complex organizational change. Most firms will need to adopt agile ways of working to achieve that goal."

The recent solid performance of asset managers extends beyond a strong showing in business fundamentals, such as AuM growth and profit, according to the report. Firms have also delivered excellent investment returns to their owners, as measured by total shareholder returns (TSR), the standard gauge of gains received by company owners.

Over the past five years, publicly owned asset managers recorded an average TSR of 12%, surpassing the robust performance of global stock markets. The top quartile of asset managers generated average annual TSRs of 20%, compared with an average of 9.1% for asset managers in the other three quartiles, considered as a group.

Analysis Reveals Winners' Traits

Disaggregating and analyzing the TSR data, the report says, revealed that the most successful firms grew at the same rate as others, but achieved greater profitably by maintaining prices and expanding margins. In terms of product strategy, the most notable winners were either small niche players or very large asset managers with strong growth in passive products.

Passives, in fact, were easily the highest-growth product category in 2017, posting a record 25% increase in AuM. Traditional active products continued to lose share to solutions and specialties. Going forward, the rapid growth of "smart beta"—passive products with an active component—could pose a bigger competitive threat to active management than the broader passives trend.

"Asset managers that choose to join the smart-beta bandwagon now will need to achieve scale and develop an industrialized approach if they want to be competitive," said report coauthor Hélène Donnadieu, a BCG principal and global manager of the asset management segment.

China and US Lead in Regional Market Growth

AuM grew robustly in regional markets around the world, led notably by China and the US, the BCG report says.

China's 22% growth in AuM elevated it to the fourth-largest global market, up from eighth place five years earlier. The partial opening and rapid growth of the Chinese market, has created the conditions for a potential gold rush among foreign firms.

"We expect China's AuM to triple by 2025, which—if it comes to pass—would make the Chinese market the second-largest after the US," said Qin Xu, a BCG partner, leader of the asset management topic in Asia, and a coauthor of the report.

The North American market was the second standout regional performer, buoyed by US growth of 14%, the strongest among mature markets. The European market grew less robustly at 7%.

The benchmarking survey that informed this year's report drew on 165 leading asset managers representing $48 trillion—or more than 65%—of global AuM, and it covered more than 3,000 data points per player. Our measurements assessed assets in 44 markets globally, including offshore.

A copy of the report can be downloaded here.

To arrange an interview with one of the authors, please contact Eric Gregoire at +1 617 850 3783 or gregoire.eric@bcg.com.

Estimating the Risk of Modern Slavery in 2018

The FINANCIAL -- In 2017, Walk Free Fou ndation and the International Labour Organization estimated that there were 40 million victims of modern slavery on any given day in 2016, including 25 million people in forced labor and 15 million in forced marriage.

Some regions of the world suffer this problem disproportionately, with modern slavery most prevalent in Africa (7.6 per 1,000 people) and least prevalent in the Americas (1.9 per 1,000 people).

o provide a targeted, objective assessment of the problem at the country level, Walk Free and Gallup have collaborated since 2014 to collect data on modern slavery using nationally representative household surveys implemented through the Gallup World Poll. To date, the module on modern slavery has been fielded in 54 national surveys covering 48 countries (conducted multiple times in some countries), with a total sample of 71,158 individual interviews, according to Gallup.

In preparation for the release of Walk Free's 2018 Global Slavery Index, Gallup and Walk Free have developed an extrapolation methodology using hierarchical Bayes models to inform prevalence estimates. This type of model is of particular interest because we want to extrapolate the results of the model beyond the sample of 48 countries that have included the module on modern slavery.

Hierarchical models can integrate individual-level and country-level predictors to estimate variation in individual and country-level risks, allowing predictors to follow different functions in different parts of the world, as needed. A Bayesian approach is computationally useful because our data deal with rare events that in a frequentist approach may lead to computational problems.

How do we define 'modern slavery'?

Modern slavery is an umbrella term that includes several crimes against freedom -- human trafficking, slavery and slavery-like practices such as servitude, forced labor, forced or servile marriage, the sale and exploitation of children, and debt bondage.

We operationally define modern slavery following the methodology described by Jacqueline Joudo Larsen and Pablo Diego-Rosell (2017) and the International Labour Organization (2017). We set up our models by first defining modern slavery, including cases of forced labor and forced marriage.

Forced labor victims are identified according to the following criteria: The work was involuntary ("yes" to any of the screening questions), and The work was under coercion or the menace of a penalty, and The work occurred in the last five years. Forced marriage victims are identified according to the following criteria: The marriage was involuntary ("yes" to the screening question), and The marriage occurred without their consent (forced marriage). What factors predict modern slavery?

We identified suitable predictors of modern slavery from the intersection of the Gallup World Poll core questionnaire and the five dimensions of the Walk Free modern slavery vulnerability model (Joudo Larsen & Davina Durgana, 2018, to be published). The vulnerability model, guided by human security and crime prevention theories, assesses vulnerability at the country level to improve our understanding of the drivers of modern slavery, as well as the quantitative changes over time in these drivers.

The risk scores for 167 countries are based on an analysis of data covering 23 risk variables across five major dimensions:

Governance issues, including issues such as political instability and regulatory quality; Lack of basic needs, including issues such as undernourishment and social safety ;nets;Inequality, including issues such as being able to come up with money; Disenfranchised groups, including issues such as the treatment of immigrants and other minorities;

Effects of conflict, including issues such as the impact of terrorism and displaced persons

Using these five dimensions as an organizing framework, we identified a total of 157 variables that could potentially be used to predict forced labor or forced marriage status, including 122 individual-level variables from the World Poll and 35 country-level variables from the Walk Free vulnerability model. From this larger set, we identified a subset of 10 independent variables that were available across most countries and most optimally predicted either forced labor or forced marriage, including:

Age (15-99)

Urbanicity (living in a rural area or on a farm, in a small town or village, in a large city, in the suburb of a large city)

Gender (male, female)

Years of formal education (0-8, 9-15, 16+)

Marital status (single/never been married, married, separated, divorced, widowed, domestic partner)

Employment status (employed full time for an employer, employed full time for self, employed part time/do not want full time, unemployed, employed part time/want full time, out of workforce)

Number of individuals in the household (1-96)

Not enough money for food (yes/no)

Life rating today (0-10)

Currently own a business (yes/no)

Feelings about household income (living comfortably on present income, getting by on present income, finding it difficult on present income, finding it very difficult on present income)

Health problems (yes/no)

Country vulnerability score (21.2-123)

We then proceed to build our predictive models using a multilevel modeling approach that enables us to simultaneously model individual-level predictors of modern slavery and country-level predictors of the average prevalence of modern slavery in different countries. Multilevel models also allow us to let regression coefficients vary in different parts of the world. For example, we may want to fit a model that allows a predictor such as gender to have different effects in different regions to better fit the risk ecosystem of each region. This is an innovative approach in the field of modern slavery (Gelman & Hill, 2007).

The following charts summarize the key regression coefficients for the final forced labor and forced marriage models. In the case of forced labor, and adjusting for all other factors in the model, the risk of having experienced an instance of forced labor in the past five years varies according to the protective and risk factors shown in the table below.

FactCheck

GRASS FACTCHECK

Mamuka Bakhtadze:

"Budget revenues are at a historic maximum."

Valeri KVARATSKHELIA
FactChek

VERDICT:

FactCheck concludes that Mamuka Bakhtadze's statement is **HALF TRUE**.

RESUME:

In the first five months of 2018, state budget revenues constituted GEL 4,210 million which is GEL 256 million more as compared to the same figure in the respective period of 2017, In absolute numbers, it is indeed the maximum amount for independent Georgia. The tendency is the same in regard to budget total revenues as well as tax revenues.

However, budget revenues and total revenues, including tax revenues, have a tendency of constant growth with some exceptions. Therefore, claiming that revenues for a specific period of time constitute a historic maximum would be legitimate for almost any year with 2018 not being different in this regard.

Taking into account all of the aforementioned, it is appropriate to use relative figures instead of absolute figures in order to make a complete analysis of changes in budget parameters over time. As opposed to absolute figures, the tendency of change in relative figures does not always imply growth. As of the first quarter of 2018 the budget revenues and tax revenues to the gross domestic product (GDP) ratio in 2018 constituted 28.8% and 26.01%, respectively. In this regard, the figures for 2018 do not constitute a historic maximum but, in fact, they lag behind the same figures for 2017.

ANALYSIS

The Prime Minister of Georgia, Mamuka Bakhtadze, in his speech before the Parliament, stated that budget revenues collected by tax bodies stand at a maximum in the history of independent Georgia.

FactCheck took interest in the accuracy of the statement.

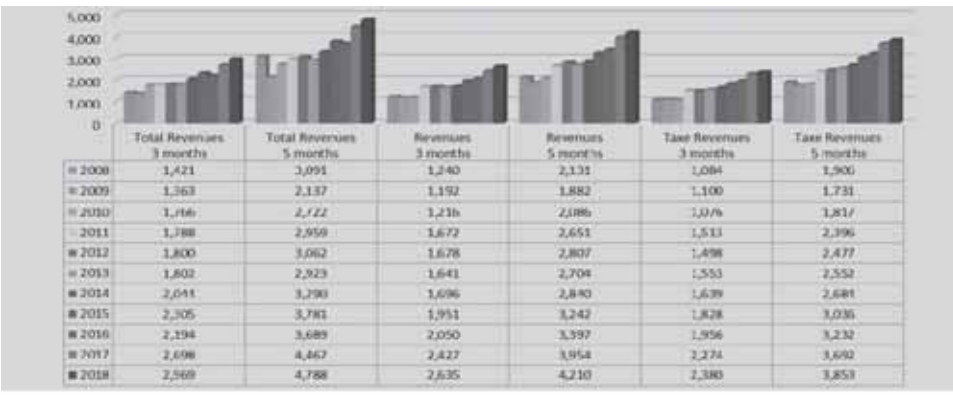
Mamuka Bakhtadze talked about budget fulfilment data for the first five months of 2018 in his statement. Graph 1 presents the budget parameters as of the first quarter of 2018 and the first five months of the year. In the first five months of 2018, budget revenues reached GEL 4,210 million which is GEL 256 million more as compared to the same figure of the same period of 2017 and is indeed a historic maximum for independent Georgia. The tendency is the same in regard to the budget total revenues and tax revenues – the most important component of budget revenues.

Of note is that changes in budget parameters are directly dependent upon the situation in the country in terms of economic activity. In the absence of major economic problems/shocks, all things being equal, budget revenues do increase in absolute numbers. In the case of Georgia, budget revenues and total revenues, including taxes, are characterised by a permanent growth tendency with some exceptions (crisis years). Therefore, claiming that revenues received for a specific period of time constitute a historic maximum would be legitimate for almost every year with 2018 being no different.

In order to analyse changes in the aforementioned parameters over time, it is important to assess them in terms of economic activity instead of analysing the absolute figures. This implies an analysis of the budget parameters to the GDP ratio. As GDP figures are not available in monthly form, quarterly data (first quarter) is used to calculate the relative figures. The respective figures are given in Graph 2 which shows that the trend of changes in the relative figures as opposed to absolute figures does not always indicate an upward motion.

As of the first quarter of 2018, the budget revenues and tax incomes ratio to the GDP amounted to 28.8% and 26.01%, respectively. In this regard, these figures for 2018 do not constitute a historic maximum but, in fact, they are 0.33 and 1.28 percentage points lower, respectively, as compared to the figures of the same period of 2017. Of further note is that the tax incomes and budget revenues/total revenues to GDP ratio is an indicator of tax burden and government size which means that its growth is not a desired objective. However, a discussion on this particular aspect of budget parameter changes goes beyond the scope of this article.

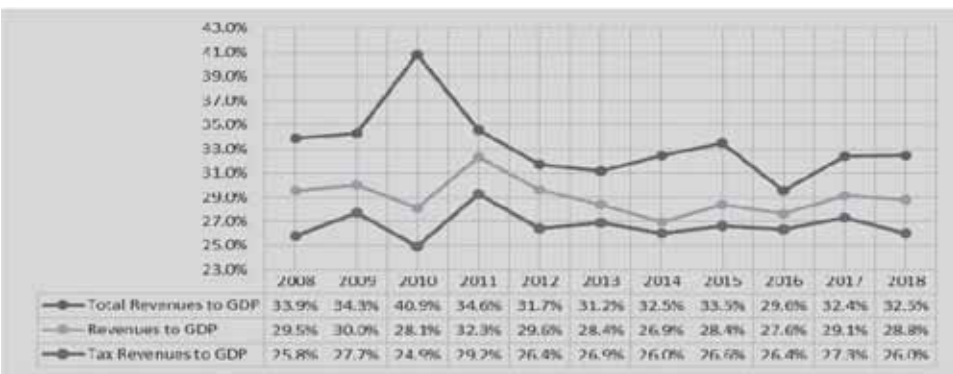
Graph 1: State Budget Parameters



	Total Revenues 3 months	Total Revenues 5 months	Revenues 3 months	Revenues 5 months	Taxe Revenues 3 months	Taxe Revenues 5 months
2008	1,421	3,091	1,240	2,131	1,084	1,900
2009	1,363	2,137	1,192	1,882	1,100	1,731
2010	1,466	2,722	1,216	2,086	1,076	1,817
2011	1,788	2,959	1,672	2,651	1,511	2,396
2012	1,800	3,062	1,678	2,807	1,498	2,477
2013	1,802	2,923	1,641	2,704	1,553	2,552
2014	2,041	3,298	1,696	2,840	1,639	2,681
2015	2,305	3,781	1,951	3,242	1,828	3,036
2016	2,194	3,689	2,050	3,397	1,956	3,232
2017	2,698	4,467	2,427	3,954	2,274	3,692
2018	2,969	4,788	2,635	4,210	2,380	3,853

Source: Ministry of Finance of Georgia, State Treasury

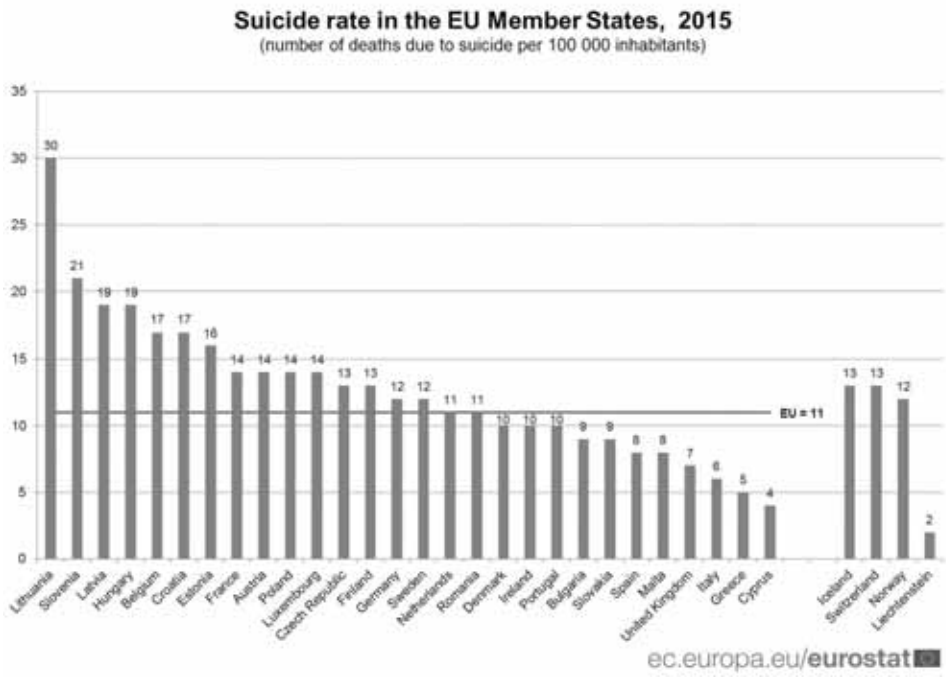
Graph 2: Budget Figures to GDP Ratio



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Revenues to GDP	33.9%	34.3%	40.9%	34.6%	31.7%	31.2%	32.5%	33.5%	29.6%	32.4%	32.5%
Revenues to GDP	29.5%	30.0%	28.1%	32.3%	29.6%	28.4%	26.9%	28.4%	27.6%	29.1%	28.8%
Tax Revenues to GDP	25.8%	27.7%	24.9%	29.2%	26.4%	26.9%	26.0%	26.6%	26.4%	27.3%	26.0%

Source: Ministry of Finance of Georgia, National Statistics Office of Georgia

Just over 56 000 persons in the EU committed suicide



The FINANCIAL -- Out of the 5.2 million deaths reported in the European Union (EU) in 2015, 56 200 (1.1%) were due to intentional self-harm. Almost 8 in 10 suicides (77%) concerned men and about 31% by a person aged between 45 and 60.

In absolute terms, Germany (10 200 deaths) and France (9 200) were the two Member States recording the most suicides in 2015, followed by Poland (5 400), the United Kingdom (4 700), Italy (4 000) and Spain (3 600).

However, for a relevant country comparison, these absolute numbers must be adjusted to the size and structure of the population.

Suicide rate highest in Lithuania, lowest in Cyprus and Greece

With 30 suicides per 100 000 inhabitants, Lithuania registered by far the highest rate of suicide among the EU Member States. It was followed by Slovenia (21), Latvia and Hungary (both 19), Belgium and Croatia (both 17) and Estonia (16). At the opposite of the scale, the lowest rates of suicide were recorded in Cyprus (4 suicides per 100 000 inhabitants), Greece (5), Italy (6), the United Kingdom (7), Spain and Malta (both 8). At EU level, the suicide rate stood on average at 11 deaths per 100 000 inhabitants in 2015.

Farming: profession with relatively few young farmers

The FINANCIAL -- 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 spectum; 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%).

Proportion of farm managers aged under 40, 2016

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%).

Ex-Georgian President: Mr. Trump, Putin does not bluff but you have the upper hand – use it

By MIKHEIL SAAKASHVILI
Fox NEWS

As in the U.S., politics in the former Soviet Union can be highly polarized. But in the run-up to President Donald Trump's summit with Russian President Vladimir Putin in Helsinki on Monday, many in my region share the same concern: Will the self-described "master negotiator" agree to a deal that poses an existential threat to American allies in Eastern Europe?

I am somewhat more optimistic about the summit's prospects for several reasons—but cautiously so.

First, I have known Trump for many years. In 2012, when I was the president of Georgia, he visited my country to evaluate potential real estate development.

After this visit, Trump praised our favorable business environment and simple taxation system. My team and I carried out the reforms that created this environment, and we did it to reject the Soviet legacy of corruption, opacity, and nepotism—which still characterize the Russian system. During our conversations, I had the sense that Trump understood this reality. I hope and believe his clear-eyed understanding of Russia's business environment bodes well for Monday's summit.

Second, while it is true that Putin tried to meddle in the U.S. elections and almost certainly favored Trump, it is also true that the Russian leader seriously miscalculated Trump's motivations. Putin expected to get an American version of his old Italian friend Silvio Berlusconi, who could be easily corrupted and manipulated. Instead, Putin got a determined, nationalistic, and highly unpredictable U.S. president—who staffed his national security team with well-known Russia hawks and Putin critics, such as John Bolton, Fiona Hill, and Gen. James Mattis.

Third, the Trump administration went beyond formal compliance with CAATSA in imposing historically harsh sanctions on Russian power brokers earlier this year. In my region, sanctioning government officials is not enough: Oligarchs and the authorities have always been inextricably linked.

For the first time in the history of the U.S.-Russian bilateral relationship, the Trump administration acknowledged this nuance, by imposing sanctions on politically-connected oligarchs. These sanctions dismantled any pretense that oligarchs are legitimate business owners by treating them as they are—subsidiaries of the Russian government.

I have several other reasons for optimism, including Trump's criticism of the Nord Stream II pipeline deal at this week's NATO summit and his authorization of lethal defensive weapons sales to Ukraine and Georgia last year—a dramatic reversal of Obama's policy.

In spite of these promising signs, however, I must caution Trump to avoid the mistakes his predecessors have made with regards to Putin's Russia.

After the collapse of the Soviet Union in 1991, I sensed a widespread perception among Americans that the U.S. had "won" the Cold War. Since then, American policymakers have consistently underestimated Russia's ambitions. Many opinion leaders and policymakers believed we had reached "the end of history," where the liberal world order, predicated on self-determination, multilateralism, and territorial integrity, had triumphed for good over totalitarianism, imperialism, and bipolar spheres of influence.

The Western misperception of the Russian threat—in tandem with Putin's obsession with the "Western threat"—had devastating consequences for my region, including Putin's invasions and annexations of Georgia and Ukraine.

Unlike many of his Western counterparts, Putin does not bluff. He is honest about his ambitions. And why shouldn't he be honest, when he does not have to pay the political price? Nevertheless, Western leaders often fail to listen.

Unlike the American foreign policy agenda at times, the Russian agenda is clear and consistent. Putin will continue instigating and exploiting "frozen conflicts" in NATO-aspirant post-Soviet countries like Ukraine, Georgia, and Moldova, so that no independent state in his backyard will be welcomed into the Western alliance. Moreover, by promoting nationalistic, extremist, and corrupt politicians in the former Soviet space, Putin weakens Russia's neighbors by amplifying social divisions.

The Helsinki summit is arguably the biggest test of Trump's foreign policy acumen thus far, and he cannot afford to fail.

As someone who has met with Vladimir Putin more than thirty times, has had to repeal his military attack and survived assassination threats from him, I have the following recommendations for President Trump: Be Reaganesque. Talk to the Russians, but start tough, and remember to "trust but verify" at each turn.

Both Presidents Bush and Obama made the same mistake of trying to reset relations with Russia early in their presidencies. By hiding the sticks and producing too many carrots, Bush and Obama attempted to demonstrate good will—which Putin interpreted as weakness. The language of sheer force is what Putin understands best.

President Trump should not lose sight of the fact that he doesn't owe Putin anything: Indeed, Trump holds the upper hand.

Despite Putin's bravado, the sanctions are hurting him tremendously. And the very fact of the meeting legitimizes Putin in the eyes of Russian elite, who were getting nervous during the long delay in holding the summit.

Now, it's America's turn to make demands. Russia should stop positioning itself as equal to the United States and stop pretending its foreign adventures, be they in Syria, Ukraine or Georgia, are part of a global fight against American expansionism. Moreover, Russia must stop threatening the U.S. with new weaponry, as Putin did during a recent address to the Russian Parliament.

Furthermore, Trump must dash Putin's hopes that the U.S. will ever accept Russia's land grabs in the former Soviet space. In this respect, not only Ukraine should be mentioned, but also Georgia—where Russia occupies one-fifth of the NATO ally's territory, in violation of a withdrawal agreement Moscow had previously signed.

The bottom line should be that America will respect the borders of Russia if Russia starts to respect the borders of its neighbors. Unlike many in my region, I believe Trump should make a deal with Putin, with very specific terms: America will not undermine Putin's regime inside Russia—Putin's greatest fear—if Putin stops undermining the sovereignty and territorial integrity of other countries. Only if Russia withdraws unconditionally from Ukraine and Georgia should the U.S. agree to discuss lifting sanctions.

Finally, Trump—and the rest of the world—would do well to manage expectations. A real deal cannot be made at the very first summit, as Reagan's experience with Gorbachev demonstrated. When Gorbachev tried to sell their first summit in Iceland as a success, Reagan bluntly contradicted his Soviet counterpart. Only with calculated skepticism in the beginning will the U.S. achieve victory in the end.

Mikheil Saakashvili was the President of Georgia from 2004-2013 and led his country through the Russian-Georgian War of 2008. His perspective is shaped by his personal experience with Trump, Putin, and Russian interventionism as the head of state in a NATO-aspirant country partly occupied by Russia

GRASS FACTCHECK

Mamuka Bakhtadze:

"Fifty percent of Georgia's population is employed in agriculture which causes poverty."

VERDICT:

FactCheck concludes that Mamuka Bakhtadze's statement is **TRUE**.

RESUME:

As of 2017, a total of 736,500 persons were employed in agriculture which constitutes 43.2% of the country's total employees. The figure for 2003-2017 was 48.4% on average although the number of those employed in agriculture has been clearly dropping since 2017 which is a positive trend itself.

Of those employed in the agriculture sector, the share of self-employed (as of 2016 it is 47.7%) is high and the majority of them are people employed in domestic households. The majority of their produce is self-consumed. The efficiency/productivity of these people is usually poor. As a result, even though almost half of employed people in Georgia are working in agriculture, the share of agriculture in the country's gross domestic product (GDP) is less than 10% which indicates the inefficiency of the employment and its low productivity. The latter automatically means a lack of income which is duly reflected upon the standard of living. For more clarity, 43.2% of the total amount of employed people created only 8.2% of the total value produced in Georgia in 2017. In parallel with the sizable segment of self-employed persons in agriculture (inefficient employment), labour remuneration in the sector is also low. The average monthly nominal salary in the agriculture sector is 30%-40% lower as compared to the average figure in Georgia's economy (all sectors).

ANALYSIS

The candidate for Prime Minister of Georgia, Mamuka Bakhtadze, in his speech before the Parliament stated that 50% of Georgia's population is employed in agriculture which causes poverty.

FactCheck took interest in the accuracy of the statement.

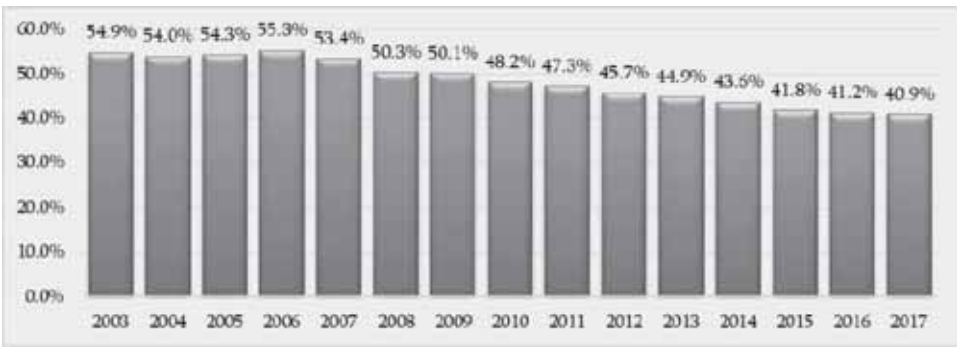
In accordance with the data of the National Statistics Office of Georgia, a total of 736,500 people were employed in the agriculture sector as of 2017 which constitutes 43.2% of the total number of employed persons. The World Bank publishes the same figure on the basis of the International Labour Organization's (ILO) data. In this case, the share of those employed in agriculture constitutes 40.9% of the total number of employed persons in Georgia. The trend of changes for employment in the agriculture sector based on ILO data is given in Graph 1. In the course of the last years, this figure shows a constant decrease which is a positive trend.

In regard to productivity, even though almost half of those employed work in the agriculture sector, the share of agriculture in Georgia's GDP is less than 10% which indicates the inefficiency of employment in this sector and its low productivity. The latter automatically means a lack of income which is respectively reflected upon the standard of living. For more clarity, 43.2% of the total number of employed persons created only 8.2% of the total value produced in Georgia in 2017.

At the same time, an increase in the share of agriculture in the total GDP is not a desirable goal itself. On the contrary, in light of economic development and the rapid advancement of more competitive sectors, it is expected that the share of agriculture will decline substantially. This is because, all things being equal, the share of agriculture in a country's GDP is much lower in developed economies and is higher in less developed nations. Therefore, in the case of Georgia, it is not a low share of agriculture in the GDP which is a problem but the surplus workforce employed in agriculture to achieve this result. The share of self-employed persons in agriculture is high (as of 2016 it is 47.7%) with the majority of persons employed in their own domestic households and with the majority of their produce for self-consumption. Usually, the efficiency/productivity of these people is poor. In accordance with the World Bank's research, the "success" of self-employed persons in the agriculture sector in developing countries (Georgia belongs to this category) is assessed on the basis of two indicators: 1) whether the self-employed are employers and 2) whether the worker lives in a household with per capita consumption above the $2/day poverty line. In accordance with these criteria, only 5% of persons self-employed in agriculture in developing countries uses hired labour whilst only 23% passes the minimum consumption threshold.

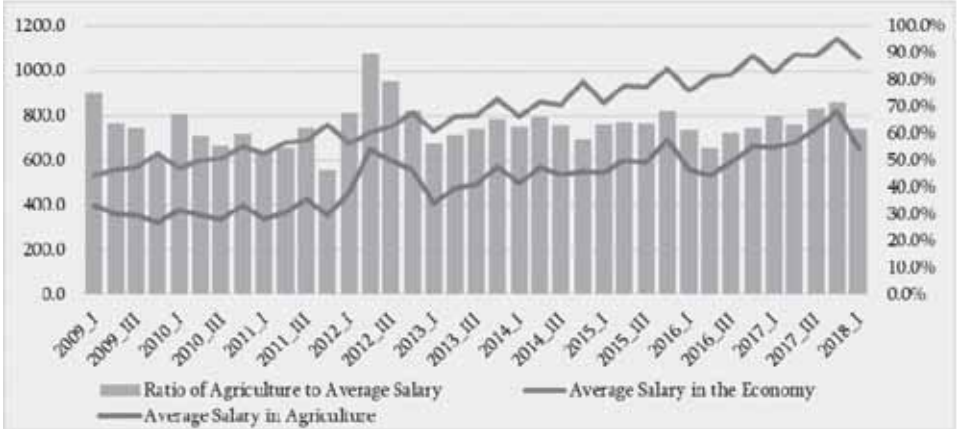
In parallel to the sizable share of persons self-employed (inefficient employment) in agriculture, the labour remuneration is also low. As illustrated by the graph, the average monthly nominal salary for hired labour in agriculture is substantially (30%-40%) lower as compared to the average figure in the whole economy (all sectors).

Graph 1: Share of Those Employed in Agriculture from Total Employment



Source: World Bank, International Labour Organization

Graph 2: Average Monthly Nominal Salary of Hired Labour



Source: National Statistics Office of Georgia

financial news

Mobile banking is changing how we pay

The FINANCIAL -- More people than ever are using their mobile phones to shop, yet ING research shows that when it comes to paying, they aren't quite ready to give up on banks yet. Despite having more providers to choose from, 58% of Europeans prefer to use their own bank for their money services.

One in five Europeans has used another provider to transfer money (to pay for goods or services) in the past 12 months. When it comes to other financial services the majority stick to their own bank. Only 15% have used another provider's app to make a peer-to-peer payment (for example to split a bill with friends), and even fewer (9%) have gone elsewhere for a loan, according to ING.

Those that do look beyond traditional banks are most likely to be in Turkey, Germany or Poland.

The ING International Survey of mobile money trends in Europe, the US and Australia questioned around 15,000 people in 15 countries. It found that smartphones are changing the way people shop, with roughly two out of three people buying items online at least monthly or even weekly. In the UK and US, 16% of people make online purchases even more frequently than once a week.

Tech giants not so big in payments

When it comes to paying for these purchases, 42% use their bank cards; 32% use payments service PayPal, 11% use a local payments app and another 11% pay on delivery (using either cards or cash). While the big tech companies like Apple, Google and Amazon all offer their own payment services, each of these accounts for only one percent of transactions in Europe and not much more in the US.Facebook is the least popular choice, with 52% of Europeans saying they would 'never' use it to pay for goods or services. At the time of the survey (in March/April 20108) Facebook was being criticised for leaking personal data to third parties.

Traditional shoppers

At the other end of the scale, four percent of Europeans never shop online. More than half of these say they prefer to actually see what they're buying rather than rely on a digital image; others like the social side of shopping. Security fears and waiting for deliveries, or not having a reliable delivery service, are other reasons for not shopping online.

Those who visit physical stores tend to pay with cash (32%), credit card (31%) or debit card (29%).

Convenience and availability, as well as the absence of fees, comfort with security and device compatibility are all contributing to the increasing popularity of online banking. Another contributor is the rise of automated payments that require no action from the consumer, for instance direct debits to settle monthly bills.

India – pearls most traded product with the EU

The FINANCIAL -- Logo Statistics ExplainedIn 2017, India was EU's ninth largest partner for imports (2.4 % of total extra-EU imports) and tenth largest for EU exports (2.2 % of total extra-EU exports).

From the period 2007 to 2012, the EU ran a trade surplus (meaning that they exported more than they imported) with India. This trade surplus turned into a deficit in 2013, reaching EUR 2.4 billion in 2017.

For both EU exports and imports with India, "machinery and vehicles", "chemicals" and "other manufactured goods" dominate. Together these manufactured goods accounted for 89 % of EU exports to and 83 % of imports from India in 2017. At a more detailed level, "pearls and semi-precious stones" were the EU's most exported product to India, while "petroleum oil" was the main product imported into the EU from India.

The United Kingdom and Germany: main traders with India among the Member States

Among the Member States, the United Kingdom (EUR 8 billion) was the largest importer from India and Germany (EUR 11 billion) was the largest exporter to India in 2017. Further information is provided in the Statistics Explained article India-EU international trade in goods statistics.

Consumer sentiment in Europe improves slightly

The FINANCIAL -- The consumer sentiment among European consumers improved slightly in the second quarter of 2018.

In June the GfK Consumer Climate for the 28 EU states reached 23.2 points, thus taking it 2.6 points above March's figure. This is its highest level since November 2007. The average propensity to buy in the EU dropped slightly, although the propensity to save also fell, making more money available for consumption, according to GFK.

Consumers assessed economic prospects on average in the EU as less positive than at the start of the year. The economic expectations reached 7.1 points in June. This is an obvious decline compared to the 15 points achieved in March. The level of trust in economic development diminished significantly in Germany, France and Belgium. In contrast consumers in Spain and Italy looked on domestic economic activity more favorably.

Income expectations stood their ground on the EU average, reaching 16.8 points in June. This put them 0.5 points above the March figure. In Spain, Slovenia and Greece the indicator increased significantly compared to the first quarter. Here consumers rated the future development of their salaries with more optimism.

In comparison to the first quarter the propensity to buy fell slightly to 17.6 points in June. This is 2.1 points lower than in March. While the indicator fell by double digits in Bulgaria and France, it improved in Slovenia and Spain.

Despite a slightly falling propensity to buy, the GfK Consumer Climate in Europe rose to 23.2 points in the second quarter of 2018, since the calculation of the falling propensity to save is also taken into account here.

Putin Says Russia Could Bid to Host Another Olympics

MOSCOW — After hosting the World Cup, President Vladimir Putin says the country could bid for a future Summer Olympics, AP reported.

Asked about hosting a Summer Olympics in Russia for the first time since 1980, Putin says feasibility studies need to be conducted "but obviously we will organize major international competitions here," in comments reported by state news agency RIA Novosti.

Russia held the 2014 Winter Olympics in Sochi but its legacy was tainted by allegations of widespread doping which led to Russian athletes being forced to compete as neutrals at this year's Winter Olympics in Pyeongchang.

The next summer games Russia could host would be in 2032, because Tokyo, Paris and Los Angeles are already confirmed as hosting the 2020, 2024 and 2028 editions respectively.

Fraudsters Use Fake Gift Cards to Lure Consumers into Handing Over Personal Data

The FINANCIAL

Kaspersky Lab experts have discovered the distribution of an unusual fraudulent scheme that tricks users into parting with their time and their data, for no return.

Kaspersky Lab experts have discovered the distribution of an unusual fraudulent scheme that tricks users into parting with their time and their data, for no return. By creating fake websites for the free generation of gift cards, cybercriminals are able to "sell" users' data to third party partner sites, to which they redirect victims.

While industry and law enforcement agencies from around the world are busy fighting against cybercrime, criminals themselves are constantly looking for new ways of earning money – other than just malware. Offering something valuable free of charge is always an enticing piece of marketing, and criminals can take advantage of this. Websites that offer customers the option of freely generating gift cards for well-known companies - like iTunes, Google Play, Amazon, or Steam - are nothing new. For example, legitimate apps like Tokenfire and Swagbucks buy card codes from vendors, to then give them to clients as a reward for certain activities. Criminals have apparently recognized the popularity of such websites and have decided to deceive users using a simple algorithm.

When on the fake site, the user is asked to select the gift card he/she wants in order to receive the code. After that, the fraudulent mechanism is set in motion. To get the generated code, however, the user needs to prove that he/she is not a robot. To do this, the user has to follow the suggested link and complete various tasks, the number and type of which are determined by the partner network to which the user is redirected. For example, he/she may be asked to fill in a form, leave a phone number or email address, subscribe to a paid SMS-message, install adware, and so on.

Unemployment rate in EU countries, 2000-2018

ANTONIO FLORES JENS
MANUEL KROGSTAD
Pew RESEARCH CENTER

The FINANCIAL -- The European Union's unemployment rate has dropped to its lowest point in almost a decade, though joblessness still varies widely among the 28 countries that make up the bloc, according to a Pew Research Center analysis of data from Eurostat, Europe's statistical agency.

EU-28 unemployment rate has nearly returned to pre-recession low

The EU unemployment rate was 7.1% in the first quarter of 2018, the most recent quarter for which data for all countries are available. That was nearly on par with the 6.8% rate recorded in the first quarter of 2008, before the European financial crisis began. Europe's unemployment rate reached a recent high of 11% in the first and second quarters of 2013. The steady decline since then reflects steady economic improvement in many EU countries.

Europe's overall unemployment rate fluctuated during the EU financial crisis, which spanned two recessions. Unemployment steadily increased as economic output fell during the first recession, which lasted from the second quarter of 2008 to the second quarter of 2009. Unemployment then continued to increase while output stayed flat through the second recession, which lasted from the fourth quarter of 2011 to the first quarter of 2013. Although output grew in the roughly two years between the recessions, unemployment still trended up during this period.

Explore our interactive on unemployment rates in the 28 countries that make up the European Union.

Unemployment rate in EU countries, 2000-2018

As Europe's overall unemployment rate has returned to pre-recession levels, public optimism about the economy has increased in some of the bloc's countries. In fall 2017, for example, 85% of Germans said the economic situation in their country was very or somewhat good. That was up from 2007, when 63% said the same, according to Pew Research Center surveys.

But public opinion about the economy has not improved everywhere. In Spain, where unemployment remains high despite dropping in recent years, just 28% of adults gave the economy a positive grade in fall 2017, down from 65% in 2007. In the United Kingdom, 41% said that their national economy was good, down from 69% in 2007, even though the British unemployment rate is relatively low and has steadily decreased since the financial crisis ended.

The Greek public, meanwhile, continued to give its country's economy an extremely low rating in a spring 2017 survey, reflecting Greece's persistently high unemployment rate. Almost all Greeks (98%) said the country's economic situation was somewhat or very bad in 2017, unchanged from the share in 2012 that said the same (the first time the question was asked).

Unemployment rates vary widely across EU-28 countries

Unemployment varies widely by country in the EU, in many cases reflecting national differences in economic performance. In the first quarter of 2018, the Czech Republic, Germany, Hungary and Poland had the lowest unemployment rates, while Greece, Spain, Italy, Croatia and Cyprus had the highest.

Nearly all EU countries' unemployment rates declined from the first quarter of 2013 – the end of Europe's second recession – to the first quarter of 2018, but the degree of change differed starkly between nations. The countries with the largest percentage-point decreases include Spain (-10.0 percentage points), Portugal (-9.7) and Ireland (-8.7), while unemployment decreased far more modestly in Austria (-0.3 points), Luxembourg (-0.3), Italy (-0.8) and France (-1.1). Only Finland (+0.1) saw an increase during this time.

Europe's economic downturns also affected countries' unemployment at different times. Germany's unemployment rate peaked at 11.2% before the crisis, in the second and third quarters of 2005, and then declined from 2008 to 2018. In Greece, unemployment climbed to 27.7% in the second and third quarter of 2013, the highest unemployment rate an EU country has seen over the past two decades. By contrast, in the UK, unemployment never reached double digits, peaking at 8.4% in the fourth quarter of 2011.

Youth unemployment in the EU has also dropped to pre-recession levels. At the beginning of 2018, the unemployment rate among workers ages 15 to 24 (15.6%) was the same as at the start of the recession in the second quarter of 2008.

However, youth unemployment remains high in parts of Europe. As of the first quarter of 2018, at least a quarter of workers ages 15 to 24 were unemployed in Greece (43.8%), Spain (35.5%), Italy (32.5%) and Croatia (23.6%). Germany (6.3%), the Czech Republic (6.9%) and the Netherlands (7.2%) had the EU's lowest youth unemployment rates.

Kids of Working Moms Grow Into Happy Adults

The FINANCIAL -- In earlier research, Kathleen McGinn and colleagues discovered that adult kids of working moms are high achievers at work. Now it turns out they are happy, too.

In 2015, preliminary results of a groundbreaking study found that the daughters of employed mothers often perform better in their eventual careers than the daughters of stay-at-home moms.

Now the full study has been released, and it brings even more good news for the children of working moms: They wind up just as happy in adulthood as the children of moms who stayed home, according to HBS.

Harvard Business School Professor Kathleen McGinn hopes the findings bring a big sigh of relief for guilt-ridden mothers who either have to hold down a job to make ends meet or simply choose to work outside the home while raising their children.

"People still have this belief that when moms are employed, it's somehow detrimental to their children," says McGinn, the Cahners-Rabb Professor of Business Administration. "So our finding that maternal employment doesn't affect kids' happiness in adulthood is really important."

"AS WE GRADUALLY UNDERSTAND THAT OUR CHILDREN AREN'T SUFFERING, I HOPE THE GUILT WILL GO AWAY"

This isn't about raising happier kids, she continues. "When women choose to work, it's a financial and personal choice. Women should make that choice based on whether they want or need to work, not based on whether they are harming their children—because they are not."

Welcome news

Three years ago, McGinn and colleagues got some pushback when preliminary findings were included in a New York Times article. The research found that adult daughters whose moms worked outside the home are more likely to work themselves, hold more supervisory responsibilities, and earn higher wages than women whose mothers stayed home full time.

"Some asked if children of stay-at-home moms were happier," McGinn says. "Many decried the research as another installment of the 'mommy wars.' But the most common response was from mothers who suffered guilt, self-doubt, and disapproval from others. They found our preliminary results to be welcome news."

After the preliminary findings were publicized, McGinn, Mayra Ruiz Castro of Kingston University in the UK, and Elizabeth Long Lingo of Worcester Polytechnic Institute added a second international data set to their study. To make sure their findings could be replicated across both time and geographic distance, they compared two cross-national social surveys, the "Family and Changing Gender Roles" section of the International Social Survey Programme from 2002 and 2012, as well as the "Generations and Gender Survey Core Questionnaire" in the Generations and Gender Programme from 2002 through 2013.

All told, the two surveys of more than 100,000 men and women across 29 countries revealed how the employment of mothers affects their adult children, both in terms of their own employment as well as how much time they spend at home caring for children and doing housework.

Some critics questioned if the preliminary findings might have nothing to do with whether mothers work, but were tied to the moms' education level instead. After controlling for the mother's education, final results still showed that a mother's work experience is strongly linked to her daughter's future work performance, according to the recently published full study, Learning from Mum: Cross-National Evidence Linking Maternal Employment and Adult Children's Outcomes, which was featured in Work, Employment and Society.

Compared to women whose mothers stayed home full time, women raised by an employed mother are 1.21 times more likely to be employed; 1.29 times more likely to supervise others at work; and they spend 44 extra minutes at their jobs each week, according to HBS.

They also earn more money. Among the women who responded to the survey in the United States in 2012, employed daughters of employed moms earned an average of $1,880 more per year than employed daughters of moms who stayed home full time.

What about sons of employed mothers?

Only adult daughters—not sons—see their careers influenced by whether their mothers work outside the home. It may not affect sons' employment choices simply because men tend to be employed, and also, as other research shows, sons' occupations and earnings map closely to their fathers' employment, McGinn explains.

In non-work ways, however, sons may be influenced by their working mothers, the study suggests. They spend an extra 50 minutes each week caring for family members.

Sons are influenced in other ways when their moms work. The sons of employed mothers hold significantly more egalitarian gender attitudes—even more so than the daughters of stay-at-home moms, a finding that surprised McGinn because it shows that the influence of maternal employment may even outweigh well-documented sex differences when it comes to shaping people's mindsets about appropriate roles for men and women.

"Sons of employed moms also tend to choose wives who are employed, and they have more egalitarian gender attitudes about women and men in the workplace as well," McGinn says. "So having an employed mom affects the choices these sons are making."

Employed moms strongly shape their daughters' gender attitudes and provide role models for them to imitate, McGinn says. So when these daughters grow up, they often follow in the footprints of their working mothers.

"Having an employed mom makes daughters think that employment is compatible with parenting," McGinn says. "If you're actually observing an employed mom manage a complex life and handle multiple demands—a job, a family, a household—you see that it can work. Everything we know about role models and social learning suggests that children are actively picking up life skills from the adults around them. It's all about what they're exposed to as children."

Also on the domestic front, daughters of employed mothers spend about an hour less on housework compared with the children of stay-at-home mothers.

Meanwhile, when both daughters and sons were asked about their overall life satisfaction, adult children of employed moms reported being just as happy as adult children of moms who didn't work outside the home.

The research uncovered other interesting findings:

Both sons and daughters of employed mothers have significantly more education than children of mothers who are not employed.

The employment rates of adult daughters are affected by their mothers' employment, regardless of whether the moms held high-skill or low-skill jobs. But only women whose mothers worked medium- or high-skill jobs are more likely to have supervisory positions than women whose mothers weren't employed.

The influence of mothers' employment on their daughters' careers is less important when girls see a lot of other women with jobs, because these women can act as alternative role models. For sons, however, their own mothers' employment is critical to how much they pitch in with their own children, even when they are raised around a lot of other employed women.

"For girls, seeing other employed moms can provide some of the same effects on attitudes and skillsets," McGinn says. "For boys, their own moms and other women in the community are complements; each reinforces the other."

Easing the guilt

While previous research has shown that young children and teenagers do just fine when their moms work, McGinn is hoping this longer-term view into adulthood provides reassurance for employed mothers who feel conflicted when they kiss their kids goodbye to head to the office.

"Women are socialized to believe mothers should stay home with their children, so when you separate from your kids every day for work, it can be painful," she says. "As we gradually understand that our children aren't suffering, I hope the guilt will go away."

Working moms can also take comfort from their own kids. In a panel discussion with female executives and their grown children about maternal employment at Caterpillar Inc., McGinn asked the adult children, "What advice do you have for employed moms, given what you experienced as a child?"

publicity

Weekly Market Watch

GALT & TAGGART
CREATING OPPORTUNITIES

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

ECONOMY

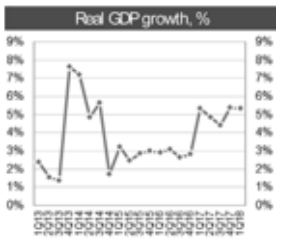
Exports up 31.1% y/y in June 2018

In June 2018, exports increased by 31.1% y/y to US$ 308.9mn, imports were up 19.8% y/y to US$ 771.2mn and the trade deficit widened 13.2% y/y to US$ 462.3mn, according to GeoStat.

In June 2018, copper (+30.7% y/y), cars (+130.9% y/y), ferro-alloys (+14.2% y/y), wine (-11.3% y/y) and pharmaceuticals (-3.3% y/y) were the top 5 exported commodities. A 23.3% of exports was directed to the EU (+107.8% y/y), 44.1% to the CIS (+43.1% y/y) and 32.6% to other countries (-4.9% y/y).

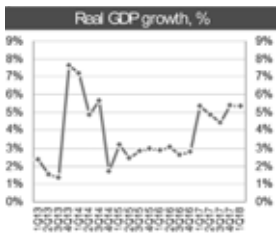
In June 2018, petroleum (+51.9% y/y), cars (+45.9% y/y), copper (+75.1% y/y), pharmaceuticals (+7.7% y/y) and phones (-32.4% y/y) represented the top 5 imported commodities.

Real GDP growth, %



Source: Official data, IMF
1) As of 1Q18
2) As of 5M18

Real GDP growth, %



Source: GeoStat
Note: Rapid estimate for 4Q17

Georgia sovereign credit ratings

Standard & Poor's	Moody's Investors Service	Fitch Ratings
BB-	Ba2	BB-
Stable	Stable	Positive
Affirmed	Affirmed	Affirmed
May-2017	Sep-2017	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 Foundaition and World Economic Forum

Overall, in 1H18, the trade deficit was up 20.0% y/y at US$ 2.8bn as exports were up 28.5% y/y to US$ 1.5bn and imports increased by 22.9% y/y to US$ 4.4bn.

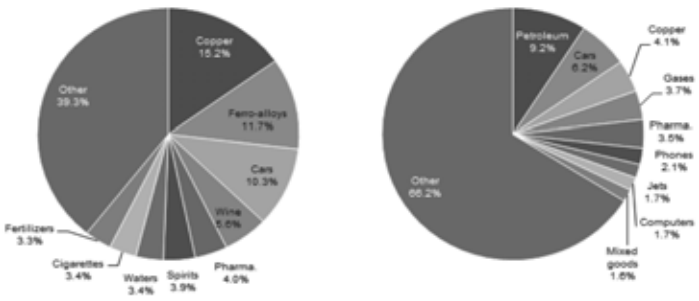
Money transfers up 14.8% y/y in June 2018

In June 2018, money transfers increased 14.8% y/y to US$ 135.1mn, after growing 13.0% y/y in the previous month, according to NBG. From major remitting countries, money transfers were up from Italy (+32.2% y/y, 11.5% of total), USA (+16.6% y/y, 10.5% of total), Greece (+19.4% y/y, 10.3% of total), Israel (+27.3% y/y, 9.8% of total) and Turkey (+1.9% y/y, 7.2% of total), while remittances were down from Russia (-0.6% y/y, 29.0% of total). Overall, in 1H18 money transfers were up 18.3% y/y to US$ 744.4mn.

Producer price index up 6.8% y/y in June 2018

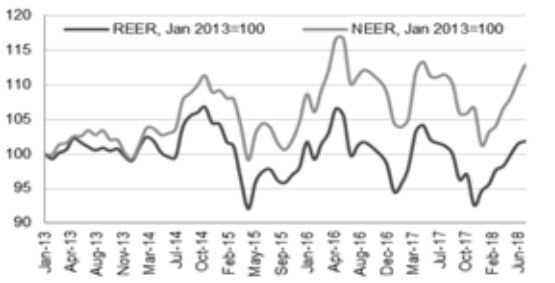
Annual PPI for industrial goods was up 6.8% in June 2018, according to GeoStat. Rising prices in manufacturing (+5.1% y/y) and supply of electricity, gas and water (+14.6% y/y) contributed the most to the overall index change.

Exports by commodities, 1H18 | Imports by commodities, 1H18



Source: GeoStat

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.

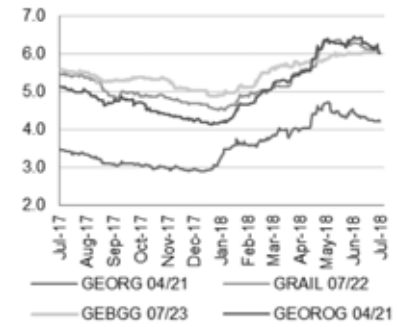
FIXED INCOME

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.0% yield, trading at 99.8 (+0.01% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (+0.5% w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 94.5 (+0.2% w/w), yielding 7.4%.

GOGC Eurobonds (GEOROG) were trading at 101.9 (+0.3% w/w), yielding 6.0%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.0 (+0.01% w/w), yielding 6.0%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.7 (-0.1% w/w) at 4.2% 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, %	10.50**	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	94.4	100.5	101.9	99.8	106.7	106.0
Mid yield, %	n/a	5.5%	3.8%	6.00%	7.4	10.7	6.0	6.0	4.2	6.0
Z-spread, bps	n/a	n/a	n/a	n/a	445.0	346.1	310.9	314.0	137.3	312.2

** 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	4.2
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba2	4.7
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	-0.1
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	0.8
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	3.5
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	3.7
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	3.4
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba2	5.9

Source: Bloomberg

EQUITIES

BGEO Group PLC (BGEO LN)

Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 17.73/share (-4.48% w/w and -7.09% m/m). More than 414k shares traded in the range of GBP 17.23 – 19.57/share. Average daily traded volume was 79k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.51% w/w and lost 0.03% m/m. The volume of BGEO shares traded was at 0.84% of its capitalization.

Georgia Capital (CGEO LN)

Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 9.76/share (-6.39% w/w and -13.55% m/m). More than 545k shares traded in the range of GBP 9.80 – 10.49/share. Average daily traded volume was 103k in the last 4 weeks. The volume of CGEO shares traded was at 1.41% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.24 (-0.35% w/w and +2.25% m/m). More than 109k shares changed hands in the range of GBP 16.88 – 17.52/share. Average daily traded volume was 25k in the last 4 weeks.

TBC Bank Group (TBCG LN)

Source: Bloomberg

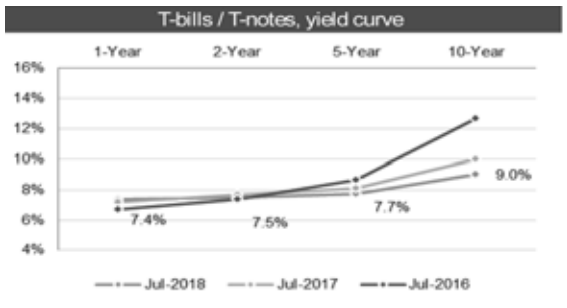
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.6/share (-0.76% w/w and -1.70% m/m). More than 25k shares were traded in the range of GBP 2.60 – 2.66/share. Average daily traded volume was 17k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.

MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 950mn (US$ 387.1mn).

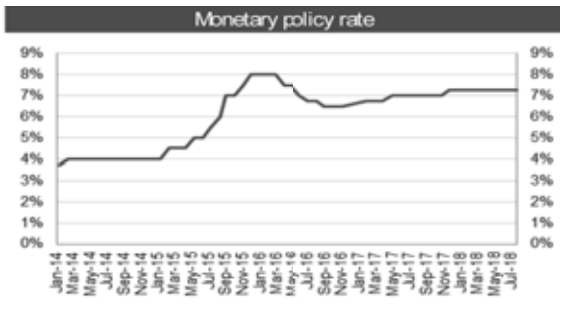
Ministry of Finance Benchmark Bonds: 10-year GEL 40.0mn (US$ 10.2mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on July 18, 2018. The weighted average yield was fixed at 9.016%. The nearest treasury security auction is scheduled for July 25, 2018, where GEL 30mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes, yield curve



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

Monetary policy rate



Source: NBG

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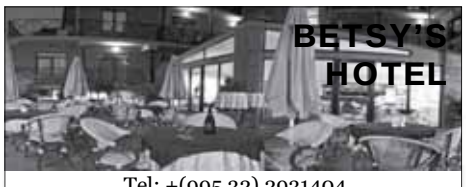
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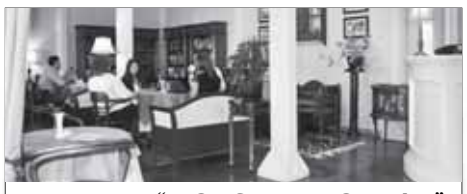
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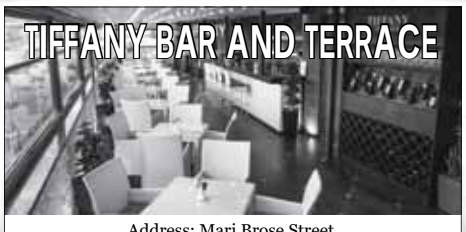
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