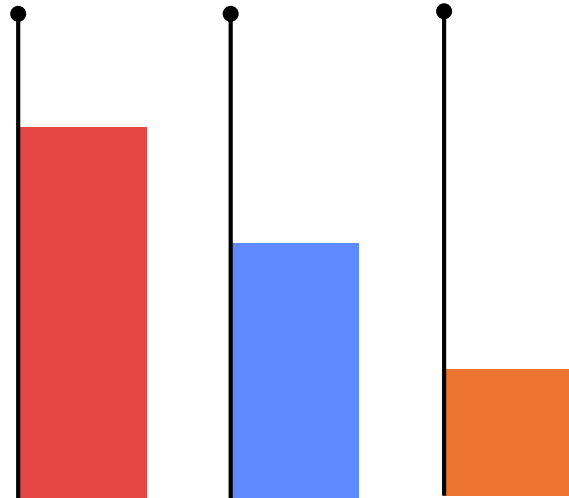


Armenia's Economic Outlook

January – March 2024



Executive Summary

Economic Activity Indicator (EAI)

In January-March 2024 observed a **14.3%** growth.

Gross Domestic Product (GDP) in January-March 2024 amounted to **1,971.2 bln. AMD**, growing by **9.2%**. The GDP per Capita amounted to **1,621 USD**, growing by **6.0%**.

Below are the growth figures for different areas of the economy (compared with the same period last year):



Exports

+170%



Imports

+75.8%



Tourist Inflow

-3.2%



Average Salary

+8.1%



Services Output

+5%



Internal Trade

+26.5

Key Economic Indicators

Figure 1. Indicator of economic activity

Jan-Mar 2024, cumulative

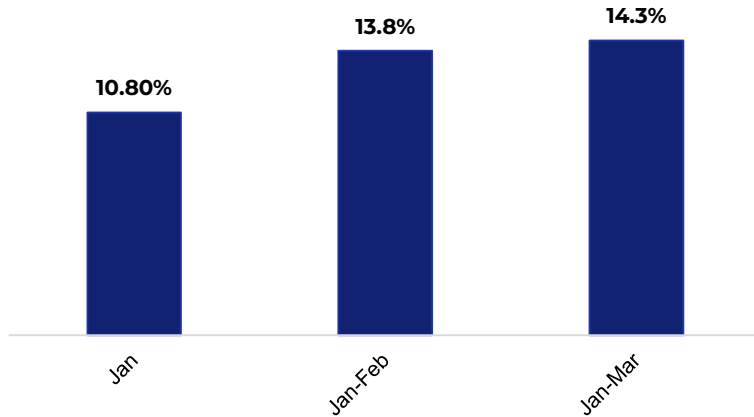
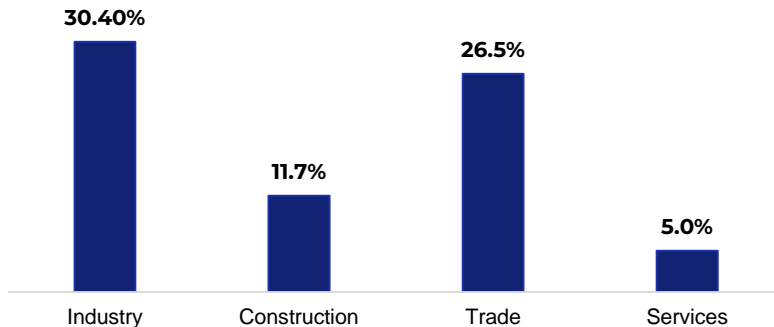


Figure 2. Growth by sectors

Jan-Mar 2024 com. to the same period previous year



Economic activity indicator (EAI) has been steadily increasing in the first quarter of 2024. The EAI growth for January-March of 2024 amounted to **14.3%** when compared to the same period last year.

- **Industry:** The volume of industrial production in January-March 2024 amounted to **723,685 million AMD**, increasing by **30.4%** compared to the same period last year. The main product that positively contributed its growth is the manufacturing industry (+47.6%). The industry's growth was negatively affected by the mining industry (-4.6%).
- **Construction:** The construction output in January-March 2024 amounted to **72,195 million AMD**, increasing by **11.7%** compared to the same period last year. The main financial source contributing to the growth in construction is humanitarian aid funds (+33.3%).
- **Trade:** The volume of internal trade turnover in January-March 2024 amounted to **1,238,169 million AMD**, increasing by **26.5%** compared to the same period last year.
- **Services:** The volume of services turnover in January-March 2024 amounted to **745,591 million AMD**, increasing by **5%** compared to the same period last year. The main subsectors contributing to services turnover growth for are: financial and insurance activities (+19.5%), and professional, scientific and technical activities (+13.5). Services' growth was negatively affected by the transporting and storage sector (-17.1%).

Tourism

Figure 3. International tourist arrivals
thousand

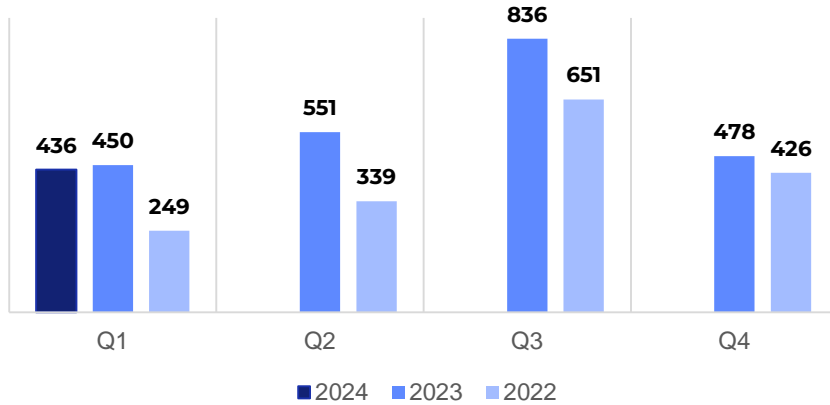
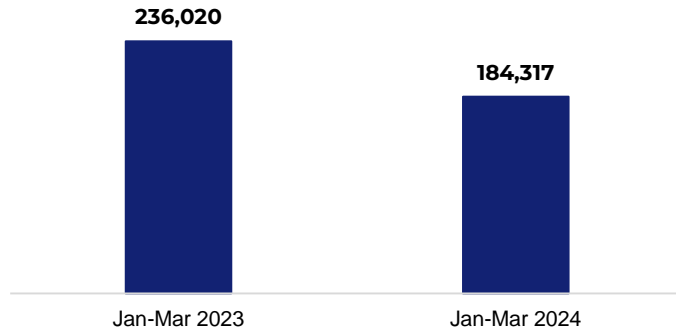


Figure 4. Number of tourists from Russia



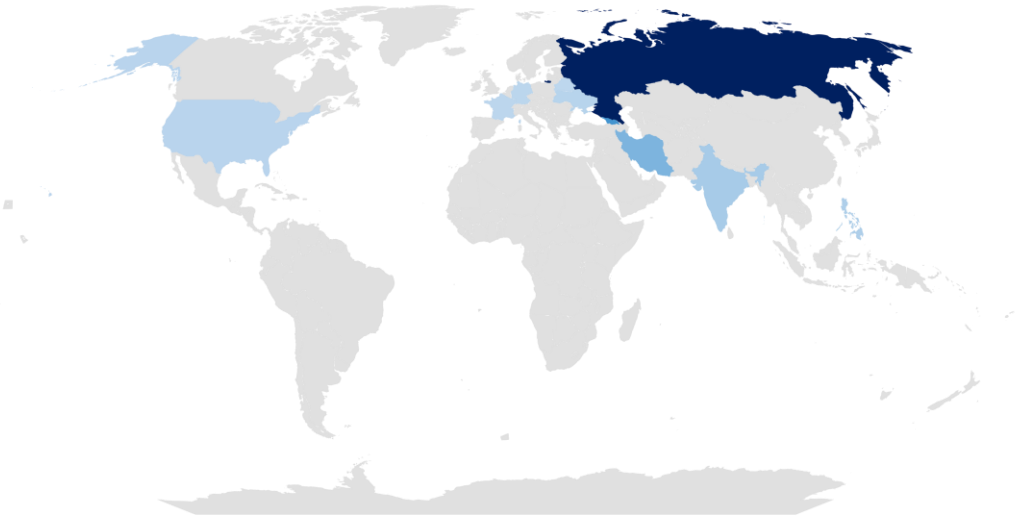
Tourism Dynamics (Q1: 2023-2024)

- In 2023, the number of tourists in Armenia observed a huge jump compared to the previous years. However, the number has **slightly decreased in the first quarter of 2024**.
- In January-March 2024, the number of tourists reached **436,000**, decreasing by **3.2%** when compared to the same period in the previous year.
- In the first quarter of 2024, tourists from Russia accounted for **42%** of the entire entries. In the same period in 2023, tourists from Russia accounted for 52% of all arrivals.
- The slight decline in overall arrivals is primarily due to reduced numbers from Russia, who hold the largest proportion.

Tourism

Origin of Arrivals

January-March 2024



Powered by Bing
© Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo, Open Places, OpenStreetMap, TomTom, Zenrin

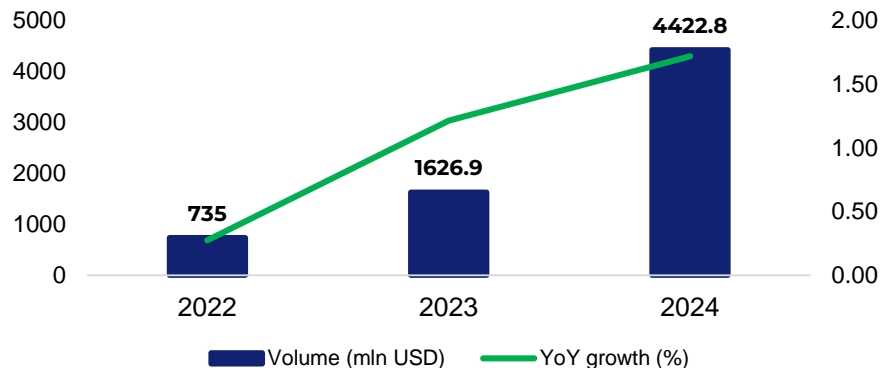


Country	No. of tourists	YoY change
Russia	184,317	-21.9%
Georgia	61,830	15.5%
Iran	33,729	32.6%
India	13,216	2.7 times
Philippines	9,417	57.6%
Ukraine	5,542	-3.4%
USA	4,942	4.8%
Germany	3,649	28.7%
France	3,501	19.8%
Belarus	3,124	-9.0%

International Trade – Exports

Figure 5. Exports of goods

January-March, mln USD



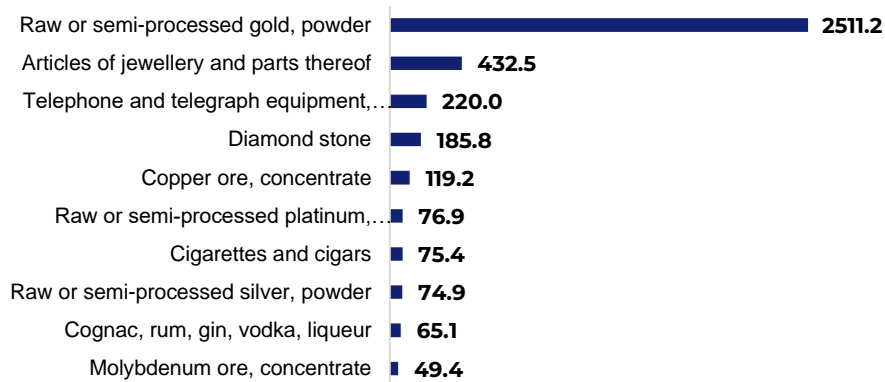
Exports in January-March 2024 amounted to **4,422.8 million USD**, increasing by 2,795.9 million USD or **2.7 times** compared to the same period last year.

The main products contributing Armenia's exports for January-March 2024 (growth figures are relative to the same period):

- **Raw or semi-processed gold:** 2,511.2 million USD **(+12.78 times)**
- **Articles of jewellery and parts thereof:** 432.5 million USD **(+27 times)**
- **Telephone and telegraph equipment:** 220 million USD **(+2.7 times)**
- **Diamond Stone:** 185.8 million USD **(+57%)**
- **Copper ore, concentrate:** 119.2 million USD **(+24%)**

Figure 6. Exports by goods – Top 10

January-March 2024, mln USD

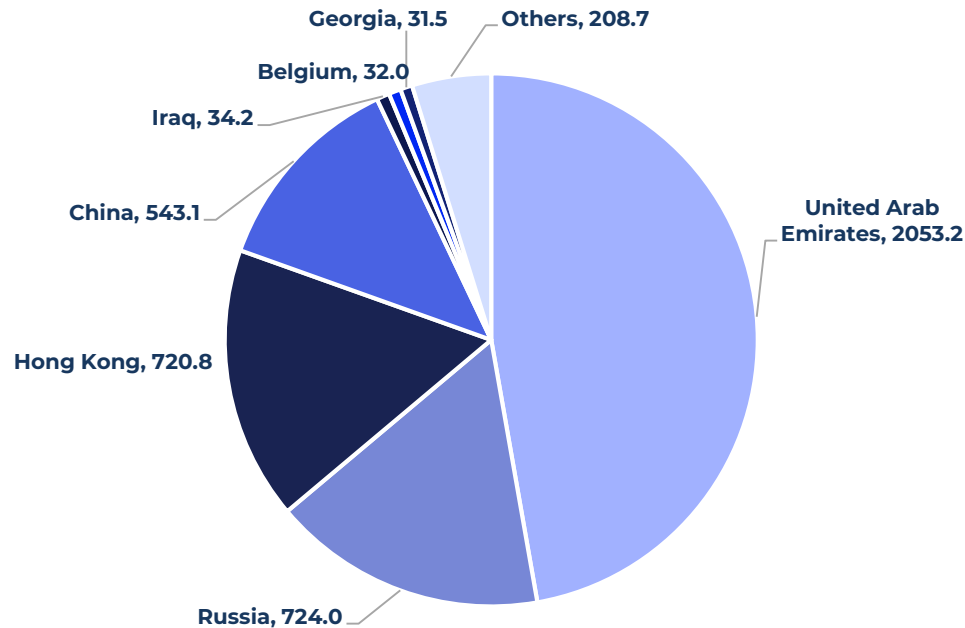


In the first quarter of 2024, the above five products collectively account for 78% of total exports, whereas raw or semi-processed gold alone comprises 56% of the total export volume.

It is important to mention that virtually all of the exported gold in the first quarter (99.9%) is of non-Armenian origin (re-export).

International Trade - Exports

Figure 7. Export volumes by country
Jan-Mar 2024, mln USD



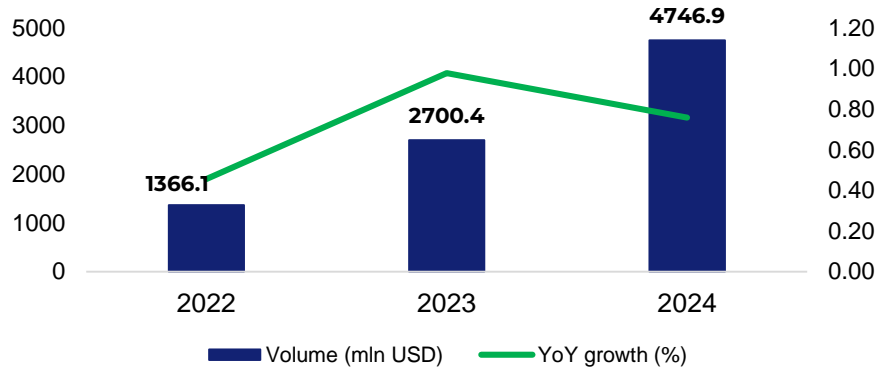
The main exporting trade partners for January-March 2024 are:

- **United Arab Emirates:** 2,053.2 million USD, increasing by 7.1 times **(46% of total exports)**
- **Russia:** 724 million USD, decreasing by 9% **(16.4% of total exports)**
- **Hong Kong:** 720.8 million USD, increasing by 36 times **(16.3% of total exports)**
- **China:** 543.1 million USD, increasing by 5.9 times **(12.3% of total exports)**

Together, the above 4 countries account for 91% of Armenia's exporting trade partners.

International Trade – Imports

Figure 8. Imports of goods
January-March 2024, mIn USD

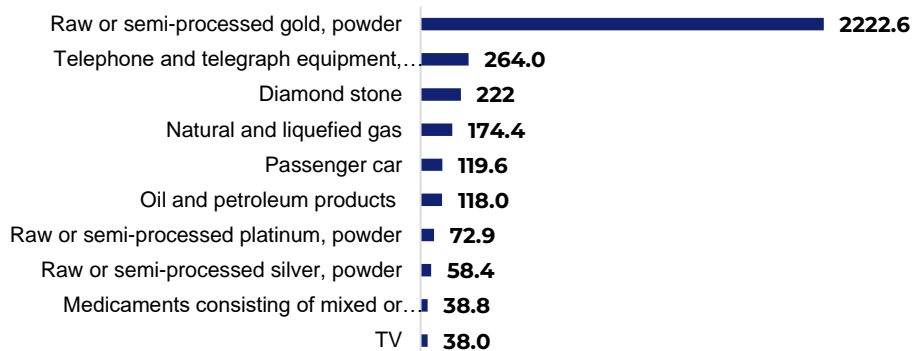


Imports in January-March 2024 amounted to **4,746.9 million USD**, increasing by 2,046.5 million USD or **75.8%** compared to the same period last year.

The main products imported to Armenia for January-March 2024 (growth figures are relative to the same period):

- **Raw or semi-processed gold:** 2,222.6 million USD **(+13.5 times)**
- **Telephone and telegraph equipment:** 264.0 million USD **(+52.2%)**
- **Diamond stone:** 222.0 million USD **(+89.4%)**
- **Natural and liquefied gas:** 174.4 million USD **(+3.7%)**
- **Passenger car:** 119.6 million USD **(-65.9%)**
- **Oil and petroleum products:** 118.0 million USD **(+10.7%)**

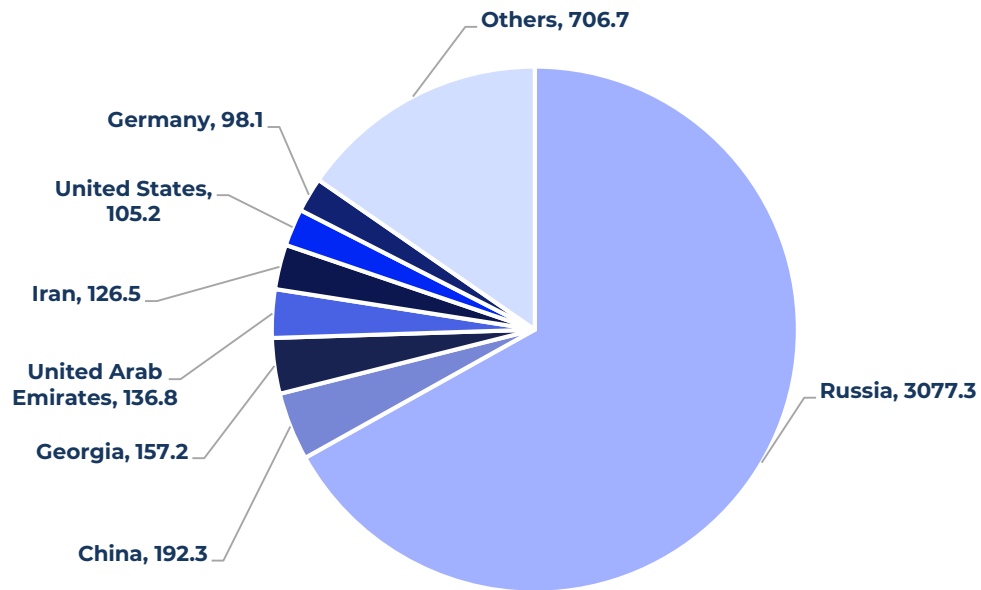
Figure 9. Imports by goods – top 10
January-March 2024, mIn USD



In the first quarter of 2024, the above six products collectively account for 65% of total imports, whereas raw or semi-processed gold alone comprises 46% of the total import volume.

International Trade – Imports

Figure 10. Import volumes by country
Jan-Mar 2024, mln USD



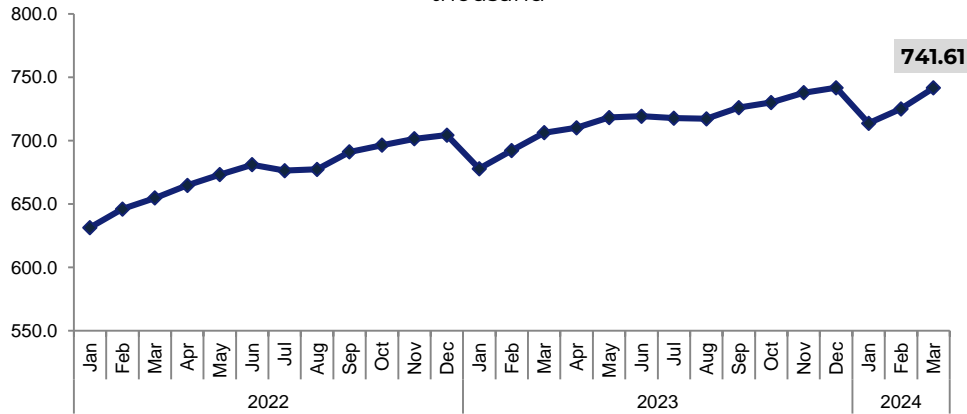
The main importing trade partners for January-March 2024 are:

- **Russia:** 3,077.3 million USD, increasing by 4 times **(64% of total imports)**
- **China:** 192.3 million USD, increasing by 13.2% **(4% of total imports)**
- **Georgia:** 157.2 million USD, decreasing by 30.6% **(3.3% of total imports)**
- **United Arab Emirates:** 136.8 million USD, decreasing by 0.79% **(2.8% of total imports)**

Together, the above 4 countries account for 74% of Armenia's importing trade partners.

Labor Market: Formal Employment

Figure 11. Formal employment
thousand



Formal Employment In March 2024 reached **741.6 thousand people**, increasing by 35 thousand from March 2023 or by **5%**.

The top 3 employment sectors for March 2024 are:

- **Wholesale and retail trade:** 17% of total workforce
- **Education:** 16.7% of total workforce
- **Manufacturing:** 11.0% of total workforce

Growth in employment across almost all industry sectors has been recorded compared to March of 2023. Some examples:

- **Construction:** increased by **15%** (reaching 33.5 thousand)
- **Financial and Insurance Activities:** increased by **8.5%** (reaching 23.3 thousand)
- **Other service activities:** increased by **22%** (reaching 29.7 thousand)

Figure 12. Formal employment (top sectors)
Mar 2024, thousand



- Wholesale and Retail Trade
- Education
- Manufacturing
- Human Health and Social Work Activities
- Information and Communication
- Accommodation and Food Service Activities

Public administration and defense is the only sector that experienced a decline in the number of employees, decreasing by **2.7%**.

Labor Market: Wages

Figure 13. Salaries by sectors, average

Mar 2024, thousand AMD



Average monthly salary in March 2024 amounted to **307,665 AMD**, increasing by **8.1%** compared the same period last year.

For the public sector, the average salary in March 2024 amounted to **213,443 AMD** (+9.6%); for the private sector, it amounted to **345,621 AMD** (+7.3%).

In foreign currency, the average monthly salary in March 2024 amounted to **768 USD** or **707 EUR**.

The top 3 highest paying sectors for March 2024 are:

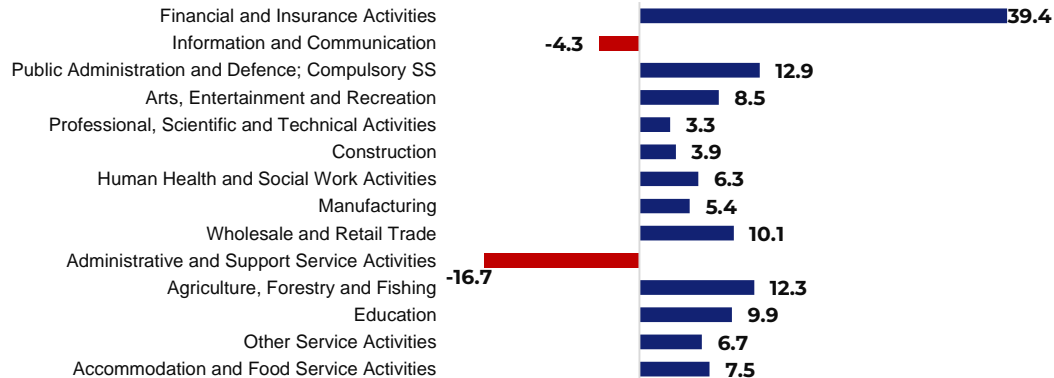
- **Finance and insurance activities:** 1,797,900 AMD
- **Information and communication:** 869,800 AMD
- **Public administration and defense:** 364,100 AMD

Growth in average salary across almost all sectors has been recorded compared to March 2023. The following sectors have the highest growth rates:

- **Finance and insurance activities:** +39.4%
- **Public administration and defense:** +12.9%
- **Agriculture, forestry, and fishing:** +12.3%

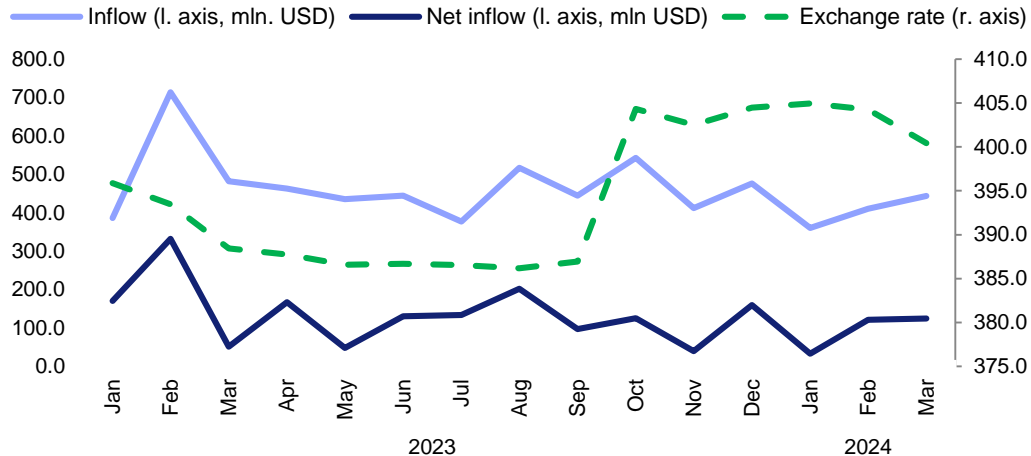
Figure 14. Salary change by sectors

Mar 2024, %



Remittance Inflow and Exchange Rate

Figure 15. Remittance inflow and exchange rate



Remittances total inflow in January-March 2024 reached **1,214.8 million USD**, decreasing by **23.2%** compared to the same period last year.

The net inflow of remittances in January-March 2024 amounted to **278.6 million USD**, decreasing by **49.6%** compared to the same period last year.

Most remittances were received from 2 countries, which account for 78.7% of the total inflow:

- **Russia:** 794.9 million USD (-16% compared to the same period last year)
- **United States:** 161.1 million USD (+12% compared to the same period last year)

According to the IMF economic outlook, USA & Russia will have 2.7% and 3.2% economic growth in 2024 respectively, followed by 1.9% and 1.8% in 2025.

The slow growth of GDP the United States has not affected the pace of remittances, as we can observe a growth in inflows. However, remittance inflow from Russia has decreased for the first time in the past 2 years. This is likely due to slowly fading geopolitical shocks.

Figure 16. Remittance inflow by country
mln. USD

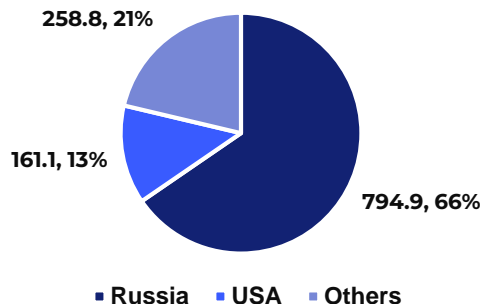
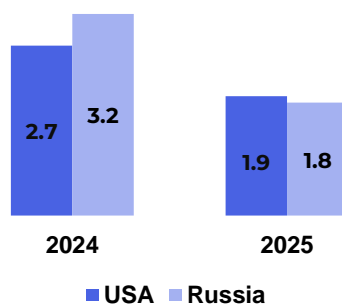


Figure 17: Forecasts of GDP growth %



Inflation – Armenia and World

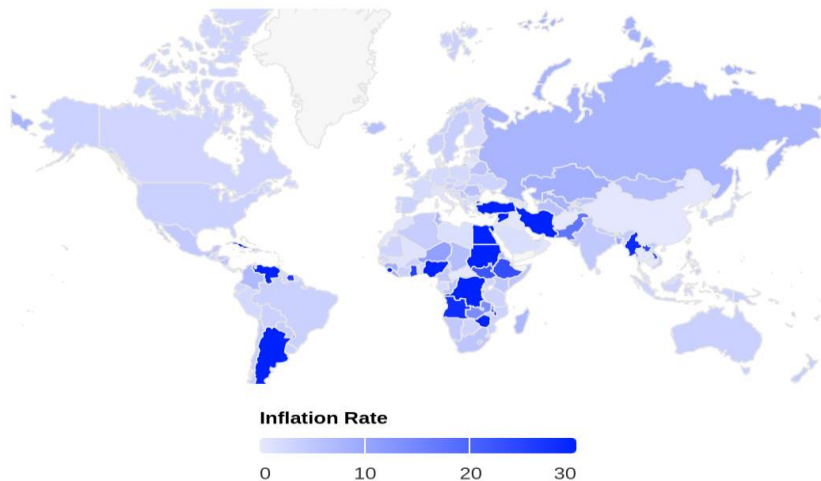
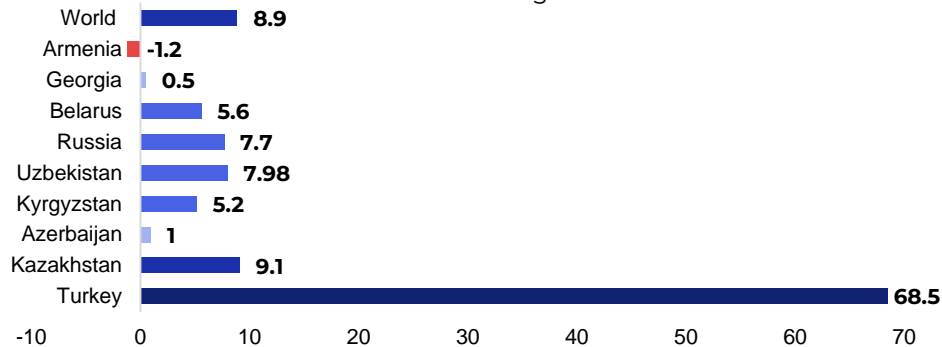


Figure 18. Inflation rate for March 2024
annual % change



Inflation remains a concern across many countries in the world, although it seems to be showing a downwards trend when compared to last year. Armenia's inflation continues to remain low in the first quarter of 2024.

Some global inflation figures for March 2024 are as follows:

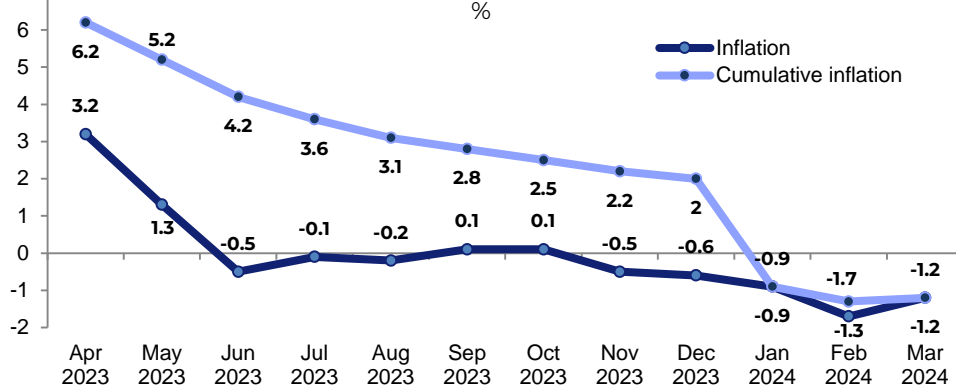
- **World** (159 countries): **8.9%**
- **Asia** (39 countries): **6.4%**
- **Europe** (44 countries): **4.6%**
- **Armenia**: **-1.2%**

From figure 18, we can observe that Armenia has the lowest inflation rate in the region.

As Armenia has entered a deflation stage, the Central Bank of Armenia decreased the interest rate three times in the 1st quarter of 2024.

Dynamics of Price Indices

Figure 19. Dynamics of Armenia's CPI



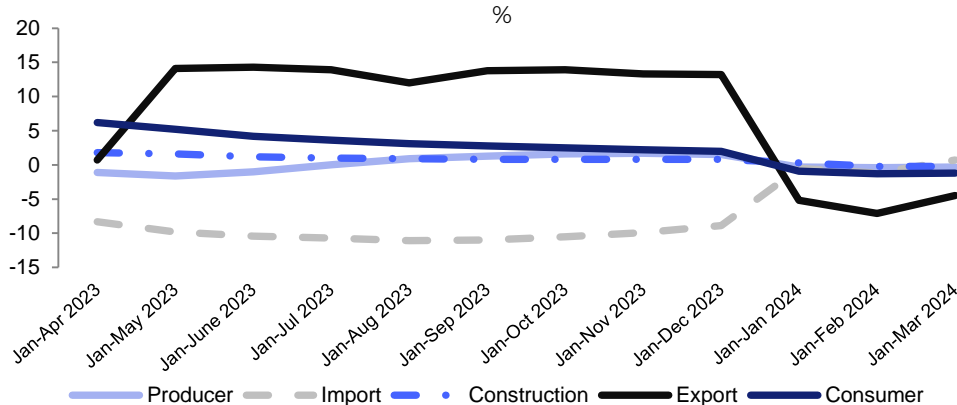
Consumer Price Index (CPI) figures according to the Statistical Committee of the Republic of Armenia:

- Inflation: **-1.2%** (for March 2024)
- Cumulative Inflation: **-1.2%** (for Jan-March 2024)

Figure 19 illustrates that Armenia's CPI has continued to decline in the first quarter of 2024 compared to the previous year, indicating an ongoing deflationary trend.

The CPI is currently below the 4% target set by the Central Bank of Armenia (CBA). According to the CBA, this is primarily driven by declines in imported goods, including food.

Figure 20. Dynamics of price indices of Armenia



Most of Armenia's sectoral price indices remained relatively stable from January to March 2024, with notable exceptions in the import and export sectors. These fluctuations are likely due to exchange rate variations during the first quarter.

- **The import price index** was negative throughout 2023, but showed a positive trend in the first quarter of 2024.
- **The export price index** was positive throughout 2023, but experienced a significant negative shift in the first quarter of 2024.

Government Budget and Debt

Figure 21. Armenia's public debt
mln. USD

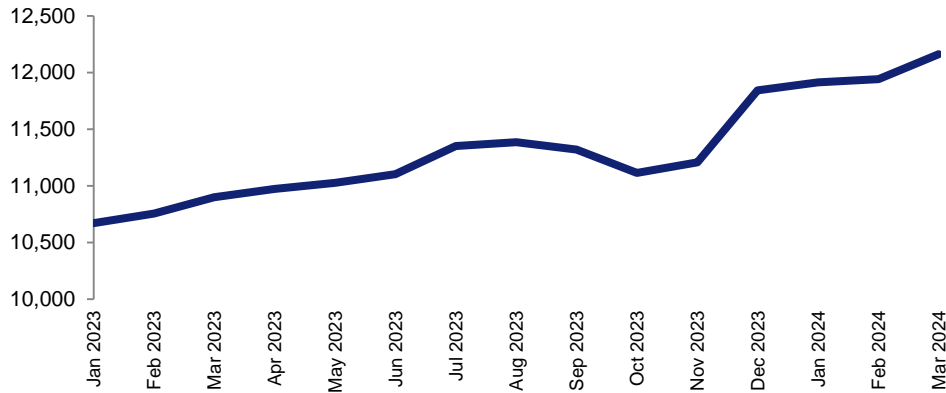
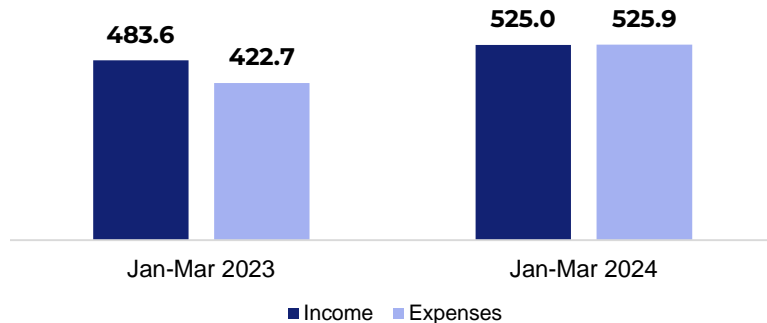


Figure 22: Government income and expenses
bln. AMD



Armenia's public debt in March 2024 reached 12,163 million USD. Of which:

- **External debt:** 6,427.8 million USD (+0.44% compared to March 2023).
- **Internal debt:** 5,735.2 million USD (+27.5% compared to March 2023).

External debt is comprised of the following:

- **Government debt:** 92% of total external debt (+0.91% compared to March 2023).
- **Central Bank debt:** 8% of total external debt (-4.5% compared to March 2023).

Armenia's budgetary income in January-March 2024 amounted to 525.0 billion AMD (+8.6% compared to the same period in 2023). This increase is due to tax and fee revenue which went up by approximately 8.5% in the same period, reaching 500.6 billion AMD.

Government expenses in January-March 2024 amounted to 525.9 billion AMD (+24.4% compared to the same period in 2023). Of which:

- **Ongoing expenses:** increased by 17.0% (salaries of public sector employees, acquiring of goods and services, interest payments, grants, etc.)
- **Non-financial assets:** increased by 2.3 times (acquisition and other activities).