


**M-O-M CPI IN JANUARY 2008 CLIMBED TO 2.5%, E-O-P CPI FOR JANUARY 2008 FELL TO 10.7%**

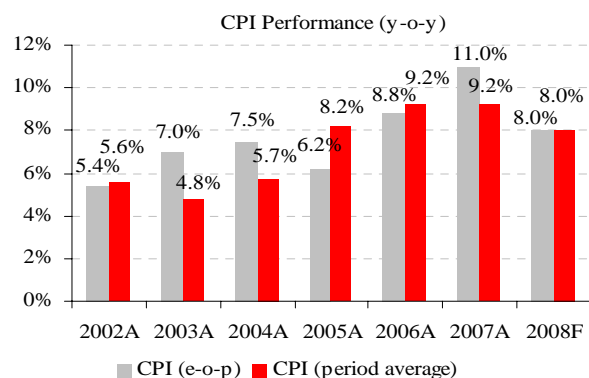
 GEL/US\$: 1.5490    GEL/EUR: 2.2936  
 Galt & Taggart Index: 917

CPI	January 2008	December 2007	January 2007	2007	2006
Month-on-month	2.5%	0.3%	2.7%	-	-
Year-on-year (e-o-p)	10.7%	11.0%	10.4%	11.0%	8.8%
Year-on-year (period average)	9.3%	9.2%	9.6%	9.2%	9.2%

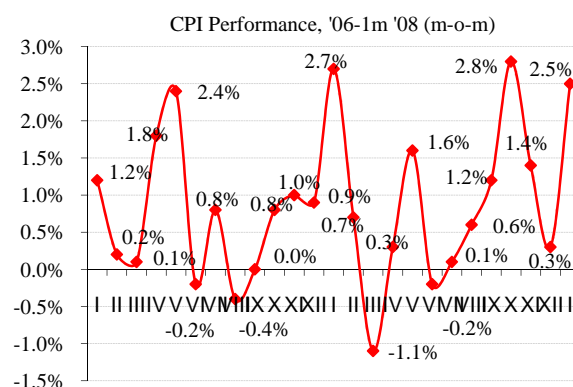
The Department of Statistics of the Ministry of Economic Development of Georgia reported that the consumer price index (CPI) for January 2008 rose to 2.5% from 0.3% in December 2007. The end-of-period CPI for the twelve months ended 31 January 2008 decreased to 10.7% from 11% at the end of the previous month. The annual period-average CPI in January 2008 rose to 9.3% from 9.2% at the end of the previous month.

Strong growth of food and energy prices, nominal wages and monetary aggregates were the main drivers of inflation in January, according to the National Bank of Georgia.

“We applaud the decision made yesterday by the monetary policy committee of the National Bank of Georgia to raise its main policy rate by a 100 basis points to annual 11 percent – the third consecutive raise since November 2007. Such determination of the National Bank, combined with reasonable government spending, gives us cause for optimism, although the inflationary pressure remains high”, commented **Nika Gilauri**, Minister of Finance.



Source: Department of Statistics



Source: Department of Statistics

Sectors and Commodity Groups	January, 2008 e-o-p CPI
Food and non-alcoholic beverages	13.3%
Alcoholic beverages and tobacco	0.9%
Clothing and footwear	-6.3%
Housing, water, electricity, gas and other fuels	18.4%
Furnishings, household equipment and routine	12.0%
Healthcare	9.2%
Transportation	16.2%
Communications	1.3%
Recreation and culture	8.0%
Education	3.7%
Hotels, cafes and restaurants	2.4%
Miscellaneous goods and services	5.1%
<b>Total</b>	<b>10.7%</b>

Source: Department of Statistics

Georgia: Key Economic Data	2004A	2005A	2006A	2007E
Nominal GDP (GEL mln)	9,824.3	11,621.0	13,783.9	16,924.8
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.0%
GDP per Capita (US\$)	1,187.2	1,478.4	1,758.7	2,297.3
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%
Net FDI (US\$ mln)	483	542	1,076	1,400
Current Account Deficit as % of GDP	-6.6%	-10.8%	-15.3%	-20.2%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33
Galt & Taggart Index	194	320	790	1,041

Source: Department of Statistics, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

**Georgia has, as of the date hereof, the following sovereign credit ratings:**

Standard & Poor's	Sovereign Credit Rating	'B+/B'	Positive
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	'BB-/B/BB-'	Stable

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