FINANCIAL™

Do Georgians think that incomes should be equal?

ANI LORTKIPANIDZE, GORBI

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In U.S., Real Estate Still Leads Stocks as Best Investment

See on p. 16

13 May, 2019 News Making Money http://www.finchannel.com

New Variable Created for Degree of Urbanisation Worldwide

Lewis DIJKSTRA And Andrew RZEPA

Gallup

The FINANCIAL -- Migration has been a driving force behind some of the biggest changes around the world -- particularly over the past two decades. The shift of individuals moving from rural areas to urban areas has not only driven economic development, but also created myriad challenges for policymakers who need to understand the needs and requirements of these individuals.

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CURRENCIES

	May 11	May 5
1 USD	2.7400	▼2.7070
1 EUR	3.0770	▼3.0194
100 RUB	4.2049	▼4.1400
1 TRY	0.4473	▲0.4532

More Than One in Five Millennials Still Live With Mom

The FINANCIAL -- More people age 23-37 are living with their moms than at any time this century, according to a Zillow® analysisi. Nearly 22% of American millennials – more than 14 million in total – live with their mom or both parents, the highest share for this age group since at least 2000.

The share of young adults living with mom has increased steadily since 2001 – more than doubling from 6.8 million (11.7%) to 14.3 million (21.9%).

While the economy has recovered since the housing bust and recession of the mid-2000s, young people living with their moms has continued to rise. The share of those living at home that are unemployed has fallen to 10.3% from 19.5% in 2010, indicating that more young people are struggling to afford independent housing even while holding a job.

"While it might be tempting to stereotype these young adults as lazy millennials bumming off of mom, the data paints a different picture," said Zillow Senior Economist Sarah Mikhitarian. "When the housing market went bust and the economy unraveled into a recession, young adults increasingly returned to their childhood home.

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April 2019: What Happened to Expectations of Georgian Consumers?

ISET

According to a nationally representative sample of 320 Georgians, interviewed in early April 2019, the Consumer Confidence Index (CCI) decreased by nearly two index points, from -18.9 in March to -20.8 in April. A similar pattern was observed in one of the sub-indices: the Expectations Index declined by 4.3 index points (from -14.1 to -18.4) compared to March, while the Present Situation Index experienced a slight improvement, by 0.3 index points (from -23.6 to -23.3). Table 1, displayed below, elucidates which particular questions were affected by various expectations and are responsible for the drop in the Expectations Index: in both expected inflation and expected unemployment.

For the month of April, consumer confidence deteriorated in both groups, Tbilisians and those living outside the capital. The overall CCI went down by 2.2 index points in Tbilisi (from -14.8 to -17) and by nearly 0.7 index points throughout the rest of Georgia (from -23.9 to -24.6).

Continued on p. 6

Tbilisi Art Fair Uniting the World

By GELA MEGENEISHVILI

Marking its second appearance, Tbilisi Art Fair (TAF) has already made quite a buzz among art followers and others. Sponsored by art industry supporter TBC Bank, from 17 to 20 May, Expo Georgia will be following a busy schedule, running one of the most anticipated art events of the year.

Already being covered by prestigious international media outlets such as Art Newspaper, Art Forum, Vienna Art Review, The Guardian, and many others, this year's Tbilisi Art Fair aims to achieve a whole new level of awareness.

Offering a range of exhibitions and activities, from markets and masterclasses, to lectures and forums, TAF presents a value far superior to a mere exhibition and has created a social hub where arts admirers are given the freedom to express their taste and immerse themselves in contemporary artworks.

Visitors are encouraged to purchase the finest of works present at the exhibition and thereby make a smart investment in art. The project promises benefits for not only the arts industry but Georgian tourism and its economy as well.

Continued on p. 4

Tegeta Motors prepared to issue GEL 30 million bonds with the help of TBC Capital

The leading company in automotive products and services, Tegeta Motors Ltd., will issue over GEL 30,000,000 worth of bonds, which is the largest transaction to have occurred in the corporate lending segment of Lari so far in 2019.

The investment in bonds has been made by resident and non-resident institutional investors, banks, insurance companies and international financial institutions. The most significant part of the bond was purchased.

Continued on p. 4

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CURRENT PRICES ON GASOLINE AND DIESEL

13 MAY, 2019, GEORGIA

Gulf — Prices in GEL

G-Force Super	2.57
G-Force Premium	2.43
G-Force Euro Regular	2.35
Euro Regular	2.29
G-Force Euro Diesel	2.59
Euro Diesel	2.49
CNG	1.49

Wissol — Prices in GEL

Eko Super	2.64
Eko Premium	2.57
Eko Diesel	2.63
Euro Diesel	2.59
Euro Regular	2.49
Diesel Energy	2.53

Lukoil — Prices in GEL

Super Ecto 100	2.69
Super Ecto	2.55
Premium Avangard Ecto	2.44
Euro Regular	2.29
Euro Deasel	2.49

SOCAR — Prices in GEL

Nano Super	2.58
Nano Premium	2.48
Nano Euro Regular	2.38
Nano Diesel	2.40
Nano Euro Diesel	2.53
GNG	1.45

ROMPETROL — Prices in GEL

Efix Euro 98	2.64
Efix Euro Premium	2.57
Euro Regular	2.49
Efix Euro Diesel	2.59
Euro Diesel	2.53

ISET ECONOMIC INDICATORS

International School of Economics at TSU
CONSUMER CONFIDENCE INDEX
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April 2019: What Happened to Expectations of Georgian Consumers?

ISET

Table 1: Changes in Consumer Confidence (Index Points) by Questions: April 2019

Do you expect prices to increase more rapidly, over the next 12 months?	-10.3
The expected level of unemployment in Georgia, over the next 12 months	-9.6
Is now the right time for people to make major purchases in Georgia?	-5.3
The general economic situation, over the next 12 months	-4.8
Do you expect to increase spending on major purchases compared to the past, over the next 12 months?	-1.7
What is your current ability to save?	-0.9
How will your financial situation change, over the next 12 months?	-0.8
Your financial situation, over the past 12 months	0.3
Your ability to save, over the next 12 months	1.6
Is now the right time for people to save in Georgia?	2.5
How did the general economic situation change in Georgia, over the past 12 months?	2.5
How much did consumer prices rise, over the past 12 months?	2.9

Table 2: Change in Consumer Confidence (Index Points) by Male and Female subgroup: April 2019

	Male	Female
Do you expect prices to increase more rapidly, over the next 12 months?	-9.9	-10.7
The expected level of unemployment in Georgia, over the next 12 months	-8.7	-10.4
How will your financial situation change, over the next 12 months?	-2.9	1.0
What is your current ability to save?	-0.3	-1.5
The general economic situation, over the next 12 months	0.0	-8.9
Do you expect to increase spending on major purchases compared to the past, over the next 12 months?	1.0	-3.9
Is now the right time for people to make major purchases in Georgia?	1.9	-11.4
Your financial situation, over the past 12 months	3.1	-2.2
How much did consumer prices rise, over the past 12 months?	4.8	1.2
Your ability to save, over the next 12 months	4.9	-1.2
How did the general economic situation change in Georgia, over the past 12 months?	5.9	-0.3
Is now the right time for people to save in Georgia?	8.6	-2.6

According to a nationally representative sample of 320 Georgians, interviewed in early April 2019, the Consumer Confidence Index (CCI) decreased by nearly two index points, from -18.9 in March to -20.8 in April. A similar pattern was observed in one of the sub-indices: the Expectations Index declined by 4.3 index points (from -14.1 to -18.4) compared to March, while the Present Situation Index experienced a slight improvement, by 0.3 index points (from -23.6 to -23.3). Table 1, displayed below, elucidates which particular questions were affected by various expectations and are responsible for the drop in the Expectations Index: in both expected inflation and expected unemployment.

For the month of April, consumer confidence deteriorated in both groups, Tbilisians and those living outside the capital. The overall CCI went down by 2.2 index points in Tbilisi (from -14.8 to -17) and by nearly 0.7 index points throughout the rest of Georgia (from -23.9 to -24.6). A similar pattern can be detected in the Expectations Index for both groups; people living inside and outside the capital are not encouraged by their expectations. The Expectations Index declined by almost the same magnitude in Tbilisi and throughout the rest of Georgia, by 4.3 (from -13.9 to -18.2) and 4.2 (from -14.4 to -18.6 index points), respectively. As in the previous case, the major causes of decline are the projected inflation and expected unemployment. Yet, in the current situation, we see a different pattern, with people in the rest of Georgia being more optimistic than in Tbilisi. Accordingly, the Present Situation Index went down marginally in Tbilisi, by 0.1 index points (from -15.7 to -15.8), while in the rest of Georgia it improved by 2.9 index points in April (from -33.5 to -30.6). The latter change, outside of Tbilisi, is mirrored in the questions concerning the current ability to save, past inflation, and the general economic situation (in the past 12 months).

It is noteworthy that people in Tbilisi are almost always more optimistic than those living outside the capital. While the rest of Georgia does not necessarily refer to rural areas, many studies show that there are a lack of economic and social opportunities outside Tbilisi, and this is particularly evident in rural areas. In rural areas, people suffer from poverty and lack basic amenities like roads, uninterrupted electricity and water supply, the internet, etc. Certain amenities are even limited in urban areas outside of Tbilisi. In small Georgian cities one often cannot find movie theatres, fitness centers, clubs or cafés. This lack of amenities, paired with poverty, negatively affects the confidence levels of people outside the capital.

In order to overcome these issues, the state and donor organizations have focused on the rural development of Georgia, which has become a major target of the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD), funded by the European Union (EU) and implemented in cooperation with the Georgian government. The program highlights all Georgian regions and aims to reduce rural poverty and promote sustainable rural development. If this goal is achieved, the gap in the confidence between Tbilisians and the remainder of the population is likely to decrease.

Significantly, as finance professors Ben Jacobson, John B. Lee, and Wessel Marquering write in their 2008 working paper: "Men are strikingly more optimistic about the future performance of key economic and financial indicators than women." Nonetheless, as observed in previous years, the gender optimism gap appears to follow a seasonal pattern - shrinking or even switching (in favor of females) around April each year. This phenomenon has been observed in five of last six years (except April 2015). Yet, the pattern in April this year remains in favor of men. The overall CCI increased by 0.7 index points for men (from -19.4 to -18.7), however it declined for women by about 4.3 index points (from -18.4 to -22.7), compared to March. The same pattern holds for the present situation; the Present Situation Index improved by 4 index points for men (from -24.8 to -20.8) and worsened for women by 2.8 index points (from -22.6 to -25.4). Yet, when it comes to expectations, both groups are worse off in April. The Expectations Index went down by 2.6 and about 5.7 index points respectively for males (from -14 to -16.6) and females (from -14.3 to -19.9), compared to March. Table 2 below establishes the questions regarding expected inflation and expected unemployment that caused a drop in the Expectations Index for both males and females.

French, Georgian Interior Ministers Pledge to Counter Crime, Illegal Migration

On May 10, Interior Minister of France, Christophe Castaner, who is on an official trip to Georgia, met with his counterpart Giorgi Gakharia, and pledged to deepen police cooperation, especially against illegal migration.

At the meeting, the Georgian and French interior ministers, discussed deepening operational collaboration between the law enforcement agencies, and signed an administrative agreement aimed to better counter organized crime.

At a joint press briefing following the meeting, Minister Gakharia said that according to the agreement, two Georgian officers will be deployed in Paris and be directly involved in investigations throughout the country "especially in cases when Georgian citizens commit crime on the territory of France."

He also reiterated Georgia's readiness to make all the necessary steps together with France to decrease the number of asylum seekers, to counter organized crime and to ensure security of their countries. "Visa-free travel is Georgia's greatest achievement of recent years and one of the most important tools for Georgia's approximation to the European Union as well," he stated.

On his part, Minister Castaner said Georgia and France should work together to address three particular exigencies: fight against organized crime, fight against terrorism and action against illegal migration.

Noting that Georgia is a safe country of origin – "the country which takes care of its citizens, where public services are of certain quality, which is not at war, and where circumstances do not justify offering special protection" – the French minister said those seeking for asylum in this case in France "dreaming of the Eldorado... that does not exist" find themselves in conditions "that are not what they would have dreamed of."

"So we need to work together... to act on cases of these illicit asylum requests...it is important for us to continue this combat and to deepen it," he said, adding that "Georgia is a dynamically developing country and therefore the level of asylum requests from Georgia is an anomaly – an anomaly that we intend to firmly combat."

Christophe Castaner was appointed in October 2018, replacing Gérard Collomb, who held the post from May 2017.

In Tbilisi he met with President Salome Zurabishvili and Prime Minister Mamuka Bakhtadze. He will also meet with Justice Minister Tea Tsulukiani.

Source: Civil.ge

Tegeta Motors prepared to issue GEL 30 million bonds with the help of TBC Capital

The leading company in automotive products and services, Tegeta Motors Ltd., will issue over GEL 30,000,000 worth of bonds, which is the largest transaction to have occurred in the corporate lending segment of Lari so far in 2019.

The investment in bonds has been made by resident and non-resident institutional investors, banks, insurance companies and international financial institutions. The most significant part of the bond was purchased by the European Bank for Reconstruction and Development and it should be noted that this is the third such investment in bonds by EBRD.

The bonds are planned to be listed on the Georgian Stock Exchange in May, 2019. Tegeta Motors say that the company will use the funds attracted from the bonds to refinance existing bank loans, resulting in an extension of liabilities, diversification of the financing structure, and greater access to capital markets.

"The issuance of these bonds is an initial and important stage for the development and support of our future projects, for attracting resources, and for the successful implementation of future plans. From the very start, the main task for Tegeta has always been to be able to implement projects with greater potential; to realize large-scale goals that are very important for us. Therefore we were in need of financial resources for high growth. Whereas before, the company managed to fulfil these tasks with the help of a bank loan, and bank credit as the main instrument, today we have the necessary resources for the development of the company in the open market, as we have become an issuer."

"What's important is that the investment community trusts Tegeta Motors; trusts our past, present and future. In the development of any business this is a very important stage to reach. It means that we are a public, transparent, law-abiding and open business. These are the main values of Tegeta Motors. Our goal is not only to be a leader in the country, but in the whole region," said Avtandil Tsereteli, General Director of Tegeta Motors.

The bonds, the total base amount of which is GEL 30,000,000, and the accrued interest – 425 Basic Points (Spread) added to the National Bank's Monetary Policy (Refinancing) rate, was issued on 30 April, 2019. GEL 1,000 (thousand) as a nominal value bond and their redemption will take place on 30 April, 2022, at their root value.

"Our cooperation with Tegeta Motors extends back over 20 years, and this is one of the most important projects we have achieved as a result of our joint cooperation. Tegeta Motors issued a bond worth GEL 30 million that significantly improves the sources of financing of the Tegeta Group, makes it more diversified, and most importantly, is in the local currency which means that currency risks are minimized. The second thing that should be taken into consideration is the growth rate of Tegeta. It has been growing rapidly in recent years, and it is important to note that the resources available for financing are maximally stronger and have been protected from monetary risks, and this product has been achieved," said Giorgi Tkhelidze, Deputy Head of TBC Bank.

"This year we think that we will issue GEL and currency bonds together to at least 5-6 companies. The Georgian business sector is mainly financed by bank credit which enables specially enhanced companies to have an opportunity to improve their financing resources, their cost, and insure against foreign exchange risks. Most importantly, it contributes to the development of the stock market in Georgia. Since at least a few companies are public, whose stocks or bonds are on the stock market, each such success contributes to the development of the capital market in Georgia," he added.

TBC Capital is the subsidiary and licensed brokerage company of TBC Bank, which offers investment banking services. Since 2017, TBC Capital has become part of TBC Bank's corporate and investment banking business. The main business directions of the company are: financial consultations and credit rating services; the issuing of bonds and shares; investment research and brokerage activities. TBC Capital is a shareholder of the Georgian Stock Exchange and plays an important role in developing the stock market's infrastructure.

"This is Tegeta Motors' Inaugural Fund, a public emission of GEL, which has made the company public. These operations will start at the Georgian Stock Exchange and this is the biggest public GEL emission released this year. TBC Capital and Tegeta Motors have been cooperating on this project for quite a long time already. Due to the fact that this is the first emission that TBC Capital has introduced in a renewed manner by NBG, Tegeta had to disclose more of its own information, which once again highlights the company's high standards and transparency, and the fact that the company is one of the corporate leaders in its segment, and more widely in the region too. TBC Capital is pleased to have participated in this project," said Irakli Elashvili, Director of TBC Capital.

Tegeta Motors is the first company in the auto industry in the Caucasus and Eastern Europe, to have been able to get a BB rating from an international ratings company. There are only a few companies in Georgia that hold such a rating, and this is an entirely unprecedented event for the region's automobile industry. In March 2019, international ratings company Scope Ratings GmbH awarded the company a BB-credit rating with a stable prospect.

Tbilisi Art Fair Uniting the World

By GELA MEGENEISHVILI

Marking its second appearance, Tbilisi Art Fair (TAF) has already made quite a buzz among art followers and others. Sponsored by art industry supporter TBC Bank, from 17 to 20 May, Expo Georgia will be following a busy schedule, running one of the most anticipated art events of the year.

Already being covered by prestigious international media outlets such as Art Newspaper, Art Forum, Vienna Art Review, The Guardian, and many others, this year's Tbilisi Art Fair aims to achieve a whole new level of awareness.

Offering a range of exhibitions and activities, from markets and masterclasses, to lectures and forums, TAF presents a value far superior to a mere exhibition and has created a social hub where arts admirers are given the freedom to express their taste and immerse themselves in contemporary artworks.

Visitors are encouraged to purchase the finest of works present at the exhibition and thereby make a smart investment in art. The project promises benefits for not only the arts industry but Georgian tourism and its economy as well.

The importance of this event has already been reflected in the numbers: USD 320,000 worth of artworks sold, 8,000 plus visitors, and nearly 1,000 pieces of art exhibited.

Impressive though it may be, this year's plans are even more superior, with organisers confident about making an even greater impact globally than before.

To gain more sophisticated insights, The FINANCIAL reached out to The Executive Director of Expo Georgia, Kakha Gvelesiani.

"The core value of TAF is to gather up and support the flow of relevant information within the arts industry and enable audiences to compare the mastery of one art to another. Additional beauty lies within the novelty of scale in Georgia, where the art stage has only recently been developing in accordance with international standards.

These were the determining factors for us to concentrate on gathering and presenting the finest of Eastern European works, the uniqueness of the artistic flavour of which Western Europe lacked.

This strategy increased international awareness, resulting in 1,500 foreign visitors, a further step taken towards greater international awareness," stated Kakha Gvelesiani in an interview with The FINANCIAL.

Maintaining the unique niche, the upcoming TAF is yet again diversified in different sectors: offering the age-free 'HIVE', consisting of 37 pre-selected talented upcomers; the 'Orangery' hosting an exhibition dedicated to the 130th anniversary of the legendary David Kakabadze; discussions concerning local and international art topics directed by arts expert Irina Popiashvili; the fourth hall presenting the work of six modern Georgian artists, and the third hall hosting video creations of 12 Azeri artists; MOMA Tbilisi (The Museum of Modern Arts) with an exhibition of the world-famous photographer Jeff Cowen, and much more.

Such a diversified event has become an attraction to art dealers from all over the world, which has been indicated in previously totalled sales of USD 320,000.

Arts expert Irina Popiashvili had a few things to say about the importance of the art market's development.

"TAF has been established as one of the major self-marketing opportunities for artists, and honestly, the necessity for such events is crucial for the newly-developed Georgian market. Artists are no longer obliged to solely rely on various scholarships as a source of income, events like Tbilisi Art Fair have contributed to establishing a more individualised trading culture.

Now artists are better able to sell their works directly. By seeing the financial benefits of doing the work they love, individuals are becoming more motivated than ever.

Considering these, many consider TAF to hold importance on the national scale, the rising international interest on the Georgian market paves the way for attracting more foreign investments, which are crucial considering the inefficiency of funding solely via local channels."

As Irina Popiashvili stated, the importance of such events unites all galleries and individuals with the shared purpose of presenting artworks in the finest way possible.

The popularised ideology of seeing art as a long term monetary investment is perhaps one of the positive indicators that forecasts a bright future for the industry.

As an example, in 2014, Krakow's Museum of Contemporary Art purchased Giorgi Khaniashvili's statue at USD 5,000. Meanwhile, the current value of the work is estimated to far exceed the purchase price.

The potential for monetary value increments has increased demand from art dealers. Not only does this benefit the art market, but many individuals as well.

Art dealers obviously desperately need artists and rising demand is expected to give a big motivational boost. There will likely emerge many more cases where art dealers will play a huge role in career development as well.

Previously, TAF proudly hosted an arts dealer from Cartier's Arts Foundation of Paris. Their impressions were so positive, that they even exhibited Georgian artist Nika Kutateladze in their gallery in Paris, at the exhibition 'Metamorphosis'. The Paris exhibition "presented 21 artists of 16 countries".

Such cases of success highlight the lasting value of TAF. Although the initial sales recorded at the event show decent figures, it would be inaccurate to sum up the monetary value at just USD 320,000, as highlighting the recognition that is brought from such an event will result in a chain reaction effect.

Egypt Heads The Africa Hotel Development Top Ten

The stars of hotel development in Africa are Egypt, Nigeria, Morocco and Ethiopia, according to the 11thannual survey by W Hospitality Group, acknowledged as the industry's most authoritative source.

The four countries head the top ten by numbers of rooms in the internationally-branded hotel development pipeline, with Egypt showing 15,158 rooms in 51 new hotels.

A total of 75,155 branded rooms in 401 hotels are in development across the whole of Africa - a net increase (ignoring recent openings and taking in to account deals that have not come to fruition) of almost 11,000 rooms in the pipeline, 17% up on 2018.

W Hospitality Group's Hotel Chain Development Pipelines in Africa survey had a record 43 international and regional hotel contributors this year, covering 54 countries in north and sub-Saharan Africa, and the Indian Ocean islands.

The top-line figures show that in North Africa the rooms pipeline is up 2.3% on 2018, and down 3.8% in sub-Saharan Africa - largely due to several of the chains "cleaning" their pipelines, deleting deals that they believe are not going to happen. These cleaning adjustments amount to more than 12,000 rooms in 74 hotels.

Nevertheless, despite this significant adjustment, there has been growth of 51% in the total pipeline rooms since 2015 - North Africa up by 58%, and sub-Saharan Africa up by 47%.

This year, the top ten countries account for 69% of the total hotels in the survey, and 74% of the rooms.

Full details will be revealed and discussed at the Africa Hotel Investment Forum (AHIF) in Addis Ababa, September 23 - 25 2019, organised by Bench Events. It is the leading conference of its kind in Africa, connecting business leaders and fuelling investment in tourism projects, infrastructure and hotel development across the continent.

Hilton's Brand Portfolio Overtakes Marriott's as World's Most Valuable

The FINANCIAL

Hilton remains world's most valuable individual hotel brand with 17% growth.

Marriott's portfolio drops to second place as the value of its brands in the Brand Finance Hotels 50 ranking decreases by 30%, giving way to Hilton.

Hilton has extended its lead as the world's most valuable hotel brand while the total value of its brand portfolio within the Brand Finance Hotels 50 ranking has overtaken Marriott's, according to the latest report by Brand Finance, the world's leading independent brand valuation consultancy. Hilton's brand value growth (up 17% to US$7.4 billion) was largely driven by strong revenue increase over the last year, cementing the brand's leadership position in the industry.

Meanwhile, Marriott suffered a reduction in brand value (down 8% to US$5.0 billion) and its brand strength dropped from AAA- to AA+. Marriott has faced several challenges in the North American market from hacking scandals to persistent problems with its loyalty schemes. At the same time, the combined value of Marriott's brands within the Brand Finance Hotels 50 ranking decreased by 30%, giving way to Hilton's brand portfolio to claim the title of the world's most valuable.

"Hilton's strategic approach to brand growth has allowed it to extend its lead as the world's most valuable hotel brand. At the same time, endorsement from the flagship brand has rendered benefits across the portfolio as Homewood Suites, Double Tree, and Hampton have seen their brand values sore. In its centennial year, Hilton is well-positioned for another hundred years of success,"Savio D'Souza, Valuation Director at Brand Finance, commented.

Hilton's brand portfolio overtakes Marriott's

The combined value of all Hilton brands which made this year's top 50 ranking amounts to US$14.7 billion - nearly US$2 billion more than Marriott's US$12.9 billion portfolio. Hilton Worldwide Holdings achieved overall brand value growth of 41%, a stark contrast with the Marriott International brand portfolio decreasing by 30%.

Hilton's brand value in the top 50 ranking is concentrated across six brands, up from five in 2018, all strongly leveraging the valuable Hilton brand name and each recording solid growth this year. Hilton has continually committed to its relentless expansion programme and with thousands of new rooms and hotels in the pipeline, the company shows no signs of slowing down in the coming year.

Marriott has not fared so well, with four of its brands dropping out of the Brand Finance Hotel 50 ranking this year. With one new entrant, Marriott now has twelve brands in the ranking, many of which have nevertheless decreased in value. Marriott's recent announcement of entering the home-rental market however, is a promising move to take back market share from Airbnband could contribute to an uplift in brand value in the coming year.

The Hilton and Marriott portfolios remain well ahead of third-ranked Wyndham, which also suffered a drop of 8% in brand value to US$7.3 billion.

Fastest-growing brands

The three hotel brands to grow the fastest in value this year all come from Hilton's portfolio, and each contributed to its overall growth. Their impressive performance was led by Homewood Suites (brand value up 99% to US$0.8 billion), followed closely by Double Tree (up 79% to US$2.1 billion) and Hampton (up 78% to US$3.2 billion). This growth allowed the latter two brands to reshape the ranking's top 10, with Double Tree jumping from 17th to 7th and Hampton rising from 10th to 5th place over the past year.

At the same time, the three fastest-falling brands this year (Westin - down 46%, Residence Inn - down 46%, and Sheraton - down 44%), and altogether 7 out of the bottom 10 worst-performing brands, are part of the Marriott portfolio, dragging its combined value down.

Mercure is world's strongest hotel brand

Aside from calculating overall brand value, Brand Finance also determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity, and business performance. Alongside revenue forecasts, brand strength is a crucial driver of brand value.

According to these criteria and scoring high in Brand Finance market research, Mercure has claimed the title of the world's strongest hotel brand, significantly improving its Brand Strength Index (BSI) score from 75.7 to 86.2 out of 100 and recording a brand rating upgrade from AA+ to AAA. Mercure is also the most valuable brand in Accor's portfolio, with nearly 800 hotels. The brand has continued to make several acquisitions through its scheme of franchise growth.

TUI closes in on Royal Caribbean

Alongside analysing the world's biggest hotel brands, Brand Finance also ranks the top 10 most valuable brands in the wider leisure and tourism industry.

Royal Caribbean International has narrowly retained its position as the world's most valuable leisure and tourism brand, with its brand value remaining steady at US$3.8 billion. The brand reported strong financial results in 2018, and with demand high in the cruise industry, Royal Caribbean are on course for future growth.

Meanwhile, second-ranked TUI (brand value up 4% to US$3.7 billion) substantially closed the gap to the ranking's leader, only just falling short of overtaking Royal Caribbean.

Chinese brands surge

The fast-growing China International Travel (up 70% to US$3.7 billion) has come third this year, up from 5th in 2018. China International saw a significant increase in its valuation due to a surge in forecast revenue in coming years as the Chinese tourism market continues to develop with unprecedented speed and scale.

The fastest-growing brand in the ranking also comes from China. Happy Valley almost doubled its brand value in a single year (up 97% to US$2.0 billion).

Savio D'Souza, Valuation Director at Brand Finance, commented:

"Royal Caribbean International remains the world's most valuable leisure and tourism brand but is being challenged by broader economic changes. The significant growth achieved by Chinese travel brands is powered by the country's burgeoning middle class as it is increasingly able to travel internationally."

Note: Every year, leading valuation and strategy consultancy Brand Finance values the world's biggest brands. The 50 most valuable hotel brands and the 10 most valuable leisure & tourism brands are included in the Brand Finance Hotels 50 2019 and the Brand Finance Leisure & Tourism 10 2019 rankings.

Accor launches plan with WOJO to become largest coworking brand in Europe by 2022

The FINANCIAL -- To match with the changing world of work and coworking trends, Accor today announced an audacious plan to implement 1200 coworking spaces in under 3 years for WOJO to become the leading coworking brand in Europe by 2022. With the launch of WOJO, Accor continues to execute its augmented hospitality strategy, expanding into new verticals and becoming relevant in the daily lives of consumers.

WOJO = Work. Live. Share.

Nextdoor (renamed Wojo in March 2019) is a joint-venture between Accor & Bouygues Immobilier created in July 2017.

WOJO will offer three different products and experiences to deliver the broadest range of coworking solutions in the industry."

WOJO Spots, making it easy to work anywhere

Rolled out initially across all Accor's brand portfolio, theses spaces make it possible for nomadic workers to work without a fee with the guarantee of a personalized service, a friendly atmosphere and a secure & reliable WiFi connection in design spaces. The worker can choose to work at the bar, in a restaurant or in the lobby (even if they are not staying at the hotel). For regular coworkers, WOJO offers a monthly subscription, which includes a 10% discount on dining and access to partner offers, events such as workshops & conferences and the WOJO business network & community. More than 150 WOJO Spots will open in Paris and Lyon by summer 2019, reaching over 1000 spots in Europe by 2022.

WOJO Corners, for coworkers and locals alike

WOJO Corners are dedicated coworking spaces specifically designed for uninterrupted work, sheltered from the hustle and bustle outside. They will be located across a broad range of Accor hotels as a first step and then across train stations,

Continued on p. 13

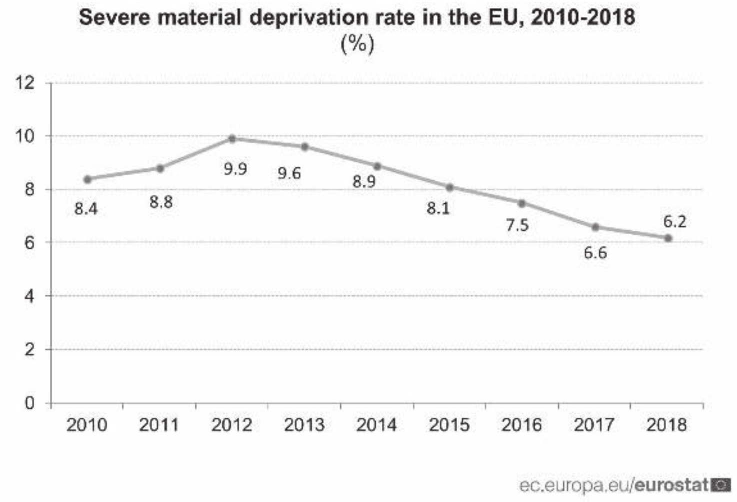
Can you afford to pay all your bills?

The FINANCIAL

In 2018, 6.2 % of the population or around 31 million people in the European Union (EU) were severely materially deprived. This means that they cannot afford at least four of the following items, which are considered by most people to be desirable or necessary to lead an adequate life: pay their bills on time; keep their home adequately warm; face unexpected expenses; eat meat (or fish or the vegetarian equivalent) regularly; take a one week holiday away from home; a TV; a washing machine; a car; a telephone.

The 2018 data reflect the continued downward trend in the proportion of people severely materially deprived in the EU since the peak of 9.9 % in 2012.

Single adult households are most affected. The rate of severe material deprivation for households with only



one adult is 9.1 % if the household has no dependent children. It stands at 13.2 % for a household comprised of a single adult with children. For households where two or more adults are present, the rates are significantly lower: 4.4 % without children and 5.7 % with children.

Overall decrease in severe material deprivation

On average the severe material deprivation rate in the EU decreased by 0.4 percentage points (pp) in 2018, from 6.6 % in 2017. Similarly, in most of the countries for which 2018 data are available, the severe material deprivation rate decreased compared with 2017. The exceptions are Finland, where it increased by 0.7 pp, from 2.1 % in 2017 to 2.8 % in 2018; France, where it increased by 0.6 pp, from 4.1 % in 2017 to 4.7 % in 2018; the United Kingdom, where it increased by 0.5 pp, from 4.1 % in 2017 to 4.6 % in 2018; and Denmark, where it increased by 0.3 pp, from 3.1 % in 2017 to 3.4 % in 2018. The largest decreases were registered in Bulgaria (from 30.0 % in 2017 to 20.9 % in 2018, or -9.1 pp), followed by Greece (from 21.1 % to 16.7 %, or -4.4 pp) and Hungary (from 14.5 % to 10.1 %, or -4.4 pp).

Highest rate of severe material deprivation in Bulgaria and Greece

Across EU Member States, Bulgaria (20.9 %), Romania (16.8 %) and Greece (16.7 %) registered the highest shares of severe material deprivation. In contrast, the severe material deprivation rates were below 2.5 % in Sweden (1.1 % in 2017), Luxembourg (1.2 % in 2017) and the Netherlands (2.4%).

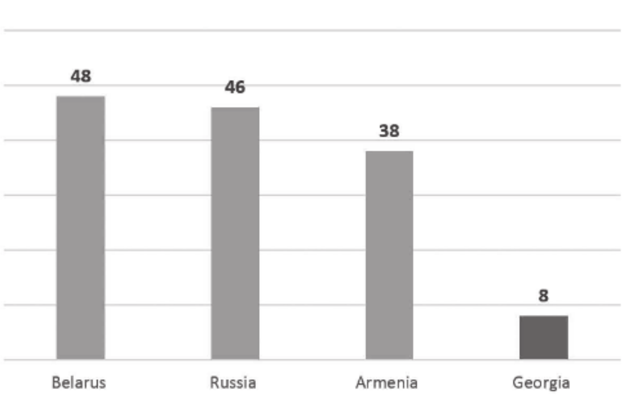
Do Georgians think that incomes should be equal?

ANI LORTKIPANIDZE, GORBI

"From each according to his ability, to each according to his needs" is a famous phrase from Karl Marx which one would hear in the Soviet Union very often. The phrase implies that anyone can contribute in any amount they can and everyone should have access to goods as per their individual needs, irrespective of whether or not they contributed anything to its development. The collapse of the Soviet Union, demonstrated that even though this might have been a great utopian idea, in the real world there are plenty of problems with the idea of equalizing everyone's income, regardless of their merit or contribution.

It is therefore interesting what ex-Soviet countries as well as other European countries think about this idea some 30 years after the collapse of the Soviet Union. A study conducted by the European Value Study (EVS), a large survey research program that has studied basic values for almost 40 years provides insight into what people in 16 European countries think. GORBI has been a part of the project since 2008 and is the data provider for Georgia and Azerbaijan for the most recent year.

Graph 1. Incomes should be made more equal (%, agree)



Source: European Value Study, 2017

When asked if they believed that incomes should be made more equal versus greater incentives for individual effort, on average 46% of respondents think that incomes should be made more equal. Georgia in this regard is the biggest outlier, where only 8% of our population believes that incomes should be made more equal. Many would expect a more balanced result regarding this issue in a former Soviet country, especially as Belarus, Russia and Armenia believe much more than Georgians that incomes should be made more equal.

Another interesting question that EVS asked is whether people think that individuals should take more responsibility for providing for themselves compared to the idea that the state should take more responsibility to ensure that everyone is provided for. If on average 43% of the population surveyed in 16 countries think that the state should take more responsibility to ensure that everyone is taken care of, Georgia again turns out to be an outlier where 70% of the population shares this opinion. Therefore, at a first look we are dealing with paradoxical thinking: the immense majority of Georgians (92%!) think that there should be strong incentive for individual effort, while at the same time a majority of Georgians (70%) also think that government should take more responsibility for providing for everyone.

So how do we account for the dissonance between these ideas of individual and governmental responsibility? I think that we need to look at these statistics while bearing in mind that the unemployment rate in Georgia is quite high and around 800,000 people live below the poverty line. By agreeing that government should take more responsibility to ensure that everyone is provided for, individuals do not mean redistributing money, but providing jobs. This interpretation may be about the role of government to create the *opportunity* to make money. Georgians are a proud people, and it may be that there is real importance in earning a benefit rather than receiving it. Therefore, even though an individualistic approach towards income is very prevalent in Georgia, with 92% of population thinking that there should be greater incentives for individual effort, 70% of population thinks that government should provide an opportunity to an individual for them to provide for themselves according to their own merit.

In addition, the idea that only 8% of the Georgian population reported that incomes should be made more equal causes me to think about the individualistic character of Georgians. Despite being a small nation, we are an ambitious one. This may help explain the very high number of candidates in the most recent presidential elections as well as seeking local government positions. Georgians in general like leadership positions and to show that they can be leaders.

The tradition of "Stumar-Maspinzloba" in my opinion, is a good example of such attitude, where even if a family does not have the means to host someone they will borrow in order to share their last meal with their guest. In addition, if we look at the number of IPhones and Jeeps in the city, in comparison with the average monthly salary of Georgians, we are sure to discover many more luxurious goods than the average Georgian is able to afford. The unfortunate truth is that in order to afford these luxury items and show their individualism and success many Georgians will not hesitate to take a loan or sell something else. This is a significant sacrifice in order to have items that make them look individualistic and outstanding, Perhaps it is then logical to assume that they do not want to be "equalized with everybody else". They are ready to work hard or take out a loan in order to stand out.

GORBI is an exclusive member of the Gallup International research network and has more than two decades of experience in survey research (gorbi.com)

Britain Fails to Assuage US Security Fears

Jamie DETTMER
Voice OF AMERICA

The shake-of-the-hands in front of the media on a blustery, wet spring morning in central London outside the official residence of British Foreign secretary Jeremy Hunt was friendly. America's secretary of state, Mike Pompeo, and Hunt joked about the weather.

Pompeo, on his first official visit to London as U.S. Secretary of State, had come to reaffirm the "special relationship" between Britain and the U.S., he said. "The special relationship does not simply endure, it is thriving," Pompeo announced at a news conference midweek following meetings with British counterpart Hunt and British Prime Minister Theresa May.

But for all the bonhomie, and later, at a research organization event, banter about how the first-born son of Prince Harry and his American bride Meghan Markle is the latest example of Anglo-American cooperation, Pompeo's trip was anything but routine. The visit exposed strains in a relationship that is being buffeted by sharp disagreements over policy toward Iran and Britain's dealings with China.

China's Huawei

America's top diplomat delivered a blunt public warning in London about doing business with China and specifically about using the technology of Chinese telecom giant Huawei to develop Britain's fifth-generation (5G) wireless network. He urged Britain to rethink its provisional decision to allow Huawei to have a role in building the network, warning that China wants "to divide Western alliances through bits and bytes, not bullets and bombs."

U.S. officials fear Beijing will use Huawei, which ultimately is answerable to the Chinese government, to eavesdrop and to sweep up data passing through Britain's 5G network. The prospect is alarming to U.S. security agencies. They fear Chinese spies will be able to penetrate American networks and even capture intelligence shared with Britain.

Pompeo emphasized that if Britain uses Huawei's pioneering technology for its 5G network, it would be putting at risk the longstanding intelligence-sharing arrangement it has with Washington — the rock on which the special relationship is built.

"Insufficient security will impede the United States' ability to share certain information within trusted networks. This is just what China wants — to divide western alliances," Pompeo warned.

British politicians have reacted cautiously to the U.S. threat to curtail intelligence sharing, an unusually overt warning for an American diplomat to deliver on British soil. They say they think they can square the circle — have Huawei participate in the development of parts of the next generation mobile network but in a way that answers U.S. security objections.

Britain has said it is planning to allow the Chinese telecom giant to participate in a limited role in developing the 5G network. Officials talk about ensuring that Huawei's participation is kept in non-core areas. The decision was made by Prime Minister May, over the objections of her security and defense chiefs.

On Thursday, in an interview with a Chinese media outlet, the country's finance minister, Philip Hammond, downplayed U.S. worries, saying, "[Huawei] has responded very positively and confirmed that it is willing and able to address those concerns and ensure that those security defects are corrected for the future. So we're very pleased about that."

A former British foreign minister, and onetime chairman of the British parliament's intelligence committee, Malcolm Rifkind, told Britain's Sky News that disagreements between British and U.S. leaders aren't unusual.

"There's nothing new about that," he said. "Margaret Thatcher had rows with Ronald Reagan, John Major with Bill Clinton. It is the normal situation between friends. Occasionally you disagree."

He believes there's a work-around, pointing out that Huawei has been highly involved in Britain's current 4G network and its role is monitored by a team of British intelligence operatives "to make sure there's no mischief."

Deals with China

Monitoring, though, may not be enough to assuage U.S. worries, says a former senior counter-intelligence officer, who served in the agency's clandestine service for 33 years and asked not to be named in this article. He says there's increasing alarm in U.S. intelligence circles about Britain's readiness to accommodate China, a rising power seen in Washington as determined to weaken Western alliances.

"The Chinese don't distinguish between commerce, politics and espionage — it is all the same for them," he said. "The British are not on their guard enough, partly that's because they're desperate to get a major post-Brexit trade deal from Beijing and they don't want to do anything that might wreck that from happening," he added.

Britain is now the top European destination for direct investment from China, and some former and current U.S. intelligence officials worry the British are failing to scrutinize thoroughly business and infrastructure deals involving Chinese companies.

China is building nuclear power plants in Britain, and Chinese companies are being encouraged by the British government to bid for contracts to build and manage HS2, a high-speed railway that, when completed, will directly link London, Birmingham, the East Midlands, Leeds and Manchester.

If Britain does give Huawei even a limited role in building its future 5G network, the fallout would be similar to a major spy scandal, the former counterintelligence officer said. "Think Kim Philby," he said, citing the top British spy who was unmasked in 1963 as a double agent for Russia's KGB spy agency and whose betrayal undermined American trust in British intelligence for decades.

"Even if there's no formal decision to curtail intelligence-sharing, the consequence will be felt all the way down the line. People at Langley and in other [intelligence] agencies will have doubts and will start withholding information by not uploading it to databases the British can access," he added.

Britain is a key member of the so-called Five Eyes alliance, the U.S.-led Anglophone intelligence pact also linking Australia, Canada and New Zealand. Norman Roule, who was in the CIA's Directorate of Operations for 34 years, and served as a division chief and chief of station, says "the U.S. intelligence relationship with the British is the closest on the planet."

"We share so much information with each other, and it's shared so deeply and immediately that if we have a difference of views, it's usually because one of us hasn't gotten around to seeing the other's file yet," he added. He says on the Huawei issue, the British security agencies "don't have a different view than that of the United States."

He predicts there were will be weeks of technical discussions.

"The devil will be in the details," he said. "The question will be, 'Can you take some of Huawei's technology and put it in places where it doesn't matter and still guarantee security?'"

FactCheck

GRASS FACTCHECK

Irakli Abesadze:

STATEMENT:
"THOUSANDS OF JOBS HAVE BEEN LOST BECAUSE OF BANKING REGULATIONS, THERE IS A USURY PROBLEM AND IT IS PRECISELY BECAUSE OF THE REGULATIONS THAT THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND DECREASED THE ESTIMATED ECONOMIC GROWTH RATE FROM 5% TO 4.6%."

VERDICT:
FACTCHECK LEAVES IRAKLI ABESADZE'S STATEMENT WITHOUT A VERDICT.

Egnate SHAMUGIA
FactChek

RESUME:

Since January 2019, the National Bank's new lending regulations have entered into force and requirements for taking loans have become stricter. Therefore, this could possibly have an impact upon this year's employment and jobs indicators. However, first quarter data of 2019 is not yet available and even if it were, we would be unable to assert whether or not the changes in employment in a certain sector are related to a specific regulation. Therefore, Irakli Abesadze could not base his statement vis-à-vis job losses upon specific figures. **FactCheck**, however, also lacks the possibility to verify the accuracy of the statement. In regard to the usury and the so-called "black market" in Irakli Abesadze's statement, it is practically impossible to measure the latter. However, theoretically it is possible that he made a fair supposition. The author of the statement also does not have respective data.

April 2019 was the last time when the International Monetary Fund (IMF) updated estimates for 2019's economic growth rate and the 4.6% growth estimate for Georgia was kept unchanged. This happened in light of the IMF's decision to cut estimates for Georgia's main trade partners. Of note is that in the IMF's review and when speaking about estimates of economic growth, emphasis is made upon the less favourable external environment and the impact of the slow growth of lending. The latter refers to lending regulations. As of January 2019, Georgia's 2019 economic growth rate was 5% in the World Bank's assessment which was decreased to 4.6% at the beginning of April. A weak external demand and the so-called "responsible lending" – lending regulations – were named as the reasons behind the World Bank's decision.

At the present moment and in accordance with both the World Bank and the IMF's assessments, Georgia's estimated economic growth rate for 2019 is 4.6%. In addition, both of them notes that stricter lending will negatively affect economic growth, although it will have a positive impact upon the sector's stability and this factor is taken into consideration in their estimates. Therefore, regulations on lending are not the only reason behind the decreased estimates of the IMF and the World Bank. They are just one factor.

Given the aforementioned number of unspecified circumstances, **FactCheck** leaves Irakli Abesadze's statement **WITHOUT A VERDICT**.

ANALYSIS

European Georgia MP, Irakli Abesadze, in his speech before the Parliament of Georgia, spoke about the outcomes of the lending regulations imposed by the National Bank of Georgia. As stated by Mr Abesadze, the regulations which entered into force from January 2019 resulted in decreased jobs, pushed loans into the "black market" and caused a decrease in the estimates for economic growth.

These regulations impose lending restrictions on commercial banks and micro-finance organisations. This means they are obliged to study and analyse an individual's solvency. Apart from the necessity of the solvency analysis, the regulations impose additional requirements, including the requirement that the difference between a borrower's net income and the loan payment should not be less than the subsistence minimum (the subsistence minimum is currently GEL 181). The National Bank's president issued the aforementioned regulations on 24 December 2018 and they went into force on 1 January 2019. Therefore, the economic regulations will start to affect economic indicators from this year.

The National Statistics Office of Georgia produces statistical data about jobs as part of its business sector statistics. However, the latest information about jobs and employment in the business sector for the present moment only includes the fourth quarter data of 2018. In addition, the latest statistical information about employment/unemployment compiled through the research study of workforce also includes the fourth quarter of 2018. In turn, the National Statistics Office of Georgia will publish 2019's first quarter indicators on 20 May 2019. Therefore, the MP's talk about this year's employment figures is groundless in terms of facts and statistics because not such information is available at this moment. In regard to loans being pushed into the "black market" and a usury problem, there is no factual evidence to support this because information about these activities is not compiled; hence, the term "black market." Lending money by individuals is not under a legal framework and information about it is not generated and registered.

FactCheck contacted Irakli Abesadze in regard to his statement about the loss of jobs in the business sector and about the so-called "black market" in order to learn whether or not he had some statistical data. In his interview with **FactCheck**, Mr Abesadze said that he does not have such statistics and made his statement based on information in the media.

In April 2019, the International Monetary Fund updated the 2019 economic review and estimates. In accordance with the updated estimates, Georgia's economic growth in 2019 is 4.6% and this has not been changed as compared to February estimates. In February 2019, an IMF representative noted that whilst making the 4.6% economic growth estimate, a **less favourable external environment** and the **impact of a slow growth of lending** upon the economy was taken into account. However, it is also noted that the growth of the budget's capital expenditures counter-balances the negative factors. Of further note is that the share of the budget's capital expenditures increased in 2018 which has an impact in 2019 as well whilst these types of expenditures increased further in 2019. Of additional note is that the International Monetary Fund slashed Georgia's 2019 economic growth rate estimate from 4.8% to 4.6% in December 2018. The IMF stated that the economic situation in Georgia's trade partners and in the region was the reason behind the decision. The IMF particularly emphasised economic processes in Turkey.

Georgia's main trade partners (in terms of the share in total exports in 2018) are as follows: Azerbaijan (15%), Russia (13%), Armenia (8.3%), Bulgaria (7.7%), Turkey (6.9%) and Ukraine (5.2%). In April 2019, the IMF slashed economic growth estimates for Azerbaijan, Russia and Armenia by 0.2% whilst it increased for Bulgaria by 0.2%. In regard to Turkey, its economic growth rate estimate dropped from 0.4% to -2.9%. Of note is that in light of these factors and the general decrease in regional economic growth after December 2018, the IMF left Georgia's estimated economic growth rate unchanged at 4.6%. At the beginning of April 2019, the World Bank published updated estimates of macroeconomic estimates for European and Central Asian (without high-income) countries. In this document, Georgia's 2019 economic growth estimate decreased to 4.6% whilst it was 5.0% as of January 2019. The World Bank indicates that the decrease is stipulated by a weakening foreign demand which in turn is related to the macroeconomic situation in Georgia's trade partner countries as well as the National Bank's responsible lending policy. The latter refers to lending regulations.

Belarusian President Says Damages From Contaminated Russian Oil 'Enormous'

The FINANCIAL -- Belarusian President Alyaksandr Lukashenka has said that the cost of damages from contaminated oil received via the Russian Druzhba oil pipeline was "enormous" and that Belarus expects compensation from Russia.

"Right now, we are evaluating the damage," Lukashenka was quoted as saying on May 11 by the state-run Belta news agency.

"Damage is enormous to the pipeline, to the equipment on the pipelines, including pumps on the facilities and the like, and to the oil refineries," Lukashenko said.

He said he expects the costs to run into the hundreds of millions of dollars and that he hopes Russia will not dispute the figures.

Russia late in April halted oil flows through the Druzhba pipeline because of contaminated crude.

Belarus has said that the source of "chlorine contamination" of the oil was found within Russia along the pipeline's Samara-Unecha section.

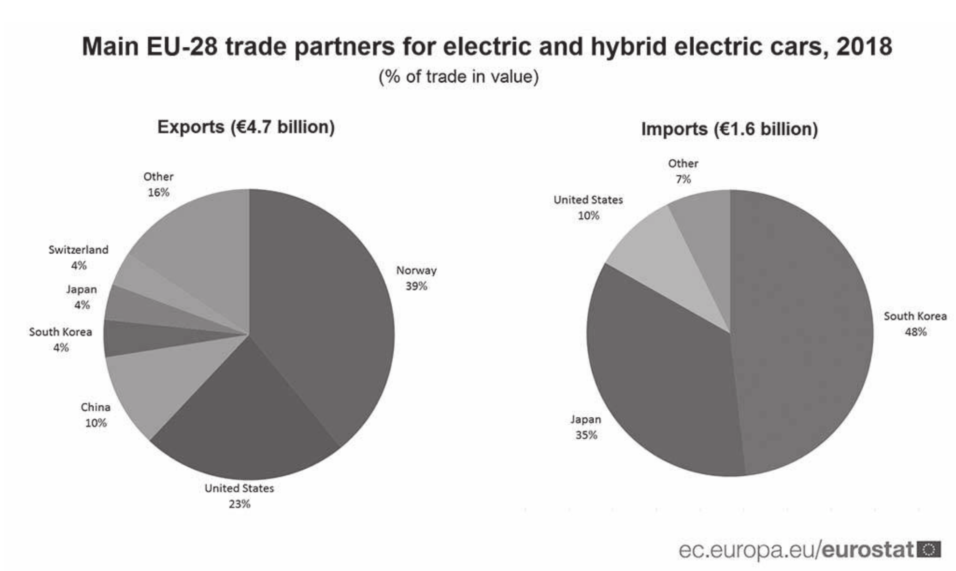
Organic chloride is typically used by producers to increase crude oil output, but it must be separated before the crude oil is shipped to refineries because it can destroy refinery equipment.

The state-owned pipeline operator Transneft has said the contamination could have been deliberate, and that a criminal case had been opened.

The Druzhba pipeline carries oil from Russia and Kazakhstan through Belarus to refineries in Poland, Germany, and Slovakia.

Based on reporting by Belta and Reuters

Electric cars: EU trade surplus of € 3 billion



The FINANCIAL

In 2018 the European Union (EU) exported € 4.7 billion worth of electric cars and hybrid electric cars that can be driven in combination with a petrol or diesel engine. Imports of electric and hybrid electric cars were worth € 1.6 billion, resulting in a trade surplus of € 3.0 billion.

The main destinations for EU exports in 2018 were Norway (39 % of exports in terms of value), the United States (23 %) and China (10 %).

Imports into the EU came primarily from South Korea (48 % of imports in terms of value), Japan (35 %) and the United States (10 %).

Among the EU Member States, the largest exporter of electric and hybrid electric cars to countries outside of the EU in 2018 was Germany (64 % of export in terms of value), followed by Sweden (13 %) and the United Kingdom (10 %). These three countries were also among the top four Member States importing electric and hybrid electric cars from outside of the EU: Germany (26 % of EU imports in terms of value), Belgium and Sweden (both 16 %) and the United Kingdom (15 %).

Overall, trade in electric and hybrid electric cars was dominated by hybrid petrol cars, which accounted for 67 % of the value of EU imports and 60 % of the value of EU exports. Electric cars alone accounted for 32 % of imports and 39 % of exports.

In 2018, CO2 emissions in the EU decreased compared with 2017

Estimated CO_2 emissions from energy use in the EU

	Change 2018/2017 (%)	Share of EU total CO_2 emissions in 2018 (%)
EU	**-2.5**	**100**
Belgium	-0.3	2.4
Bulgaria	-8.1	1.3
Czechia	-0.1	3.0
Denmark	-0.2	1.0
Germany	-5.4	22.5
Estonia*	+4.5	0.5
Ireland*	-6.8	1.1
Greece	-3.6	2.1
Spain	-3.2	7.7
France	-3.5	10.0
Croatia	-4.3	0.5
Italy	-3.5	10.0
Cyprus	-0.8	0.2
Latvia	+8.5	0.2
Lithuania	+0.6	0.4
Luxembourg	+3.7	0.3
Hungary*	-0.8	1.4
Malta*	+6.7	0.0
Netherlands	-4.6	4.7
Austria	-1.1	1.7
Poland*	+3.5	10.3
Portugal	-9.0	1.4
Romania*	-0.3	2.2
Slovenia	-0.4	0.4
Slovakia*	+2.4	0.9
Finland*	+1.9	1.3
Sweden*	-2.9	1.0
United Kingdom	-0.3	11.4

* include some Eurostat estimates

Eurostat estimates that in 2018 carbon dioxide (CO2) emissions from fossil fuel combustion

The FINANCIAL

Significantly decreased by 2.5% in the European Union (EU), compared with the previous year. CO2 emissions are a major contributor to global warming and account for around 80% of all EU greenhouse gas emissions. They are influenced by factors such as climate conditions, economic growth, size of the population, transport and industrial activities.

It should also be noted that imports and exports of energy products have an impact on CO2 emissions in the country where fossil fuels are burned: for example if coal is imported this leads to an increase in emissions, while if electricity is imported, it has no direct effect on emissions in the importing country, as these would be reported in the exporting country where it is produced.

Largest falls in CO2 emissions in Portugal and Bulgaria, highest increases in Latvia

According to Eurostat estimates, CO2 emissions fell in 2018 in a majority of EU Member States, with the highest decrease being recorded in Portugal (-9.0%), followed by Bulgaria (-8.1%), Ireland (-6.8%), Germany (-5.4%), the Netherlands (-4.6%) and Croatia (-4.3%). Increases were registered in eight Member States: Latvia (+8.5%), ahead of Malta (+6.7%), Estonia (+4.5%), Luxembourg (+3.7%), Poland (+3.5%), Slovakia (+2.4%), Finland (+1.9%) and Lithuania (+0.6%).

Industrial producer prices down by 0.1% in euro area

Up by 0.1% in EU28

The FINANCIAL

In March 2019, compared with February 2019, industrial producer prices fell by 0.1% in the euro area (EA19) and rose by 0.1% in the EU28, according to estimates from Eurostat, the statistical office of the European Union. In February 2019, prices increased by 0.1% in the euro area and by 0.2% in the EU28.

In March 2019, compared with March 2018, industrial producer prices rose by 2.9% in the euro area and by 3.1% in the EU28.

Monthly comparison by main industrial grouping and by Member State

Industrial producer prices in the euro area in March 2019, compared with February 2019, fell by 0.5% for the energy sector, remained stable for non-durable consumer goods, and rose by 0.1% for both capital goods and durable consumer goods and by 0.2% for intermediate goods. Prices in total industry excluding energy remained stable.

In the EU28, industrial producer prices rose by 0.2% for intermediate goods, by 0.1% for capital goods, durable consumer goods and non-durable consumer goods, while prices in the energy sector remained stable. Prices in total industry excluding energy rose by 0.2%.

The largest decreases in industrial producer prices were recorded in Denmark (-1.6%), Cyprus (-1.2%) and Estonia (-0.8%), while the highest increases were observed in Greece (+1.1%), Luxembourg and Romania (both +0.8%).

Annual comparison by main industrial grouping and by Member State

Industrial producer prices in the euro area in March 2019, compared with March 2018, rose by 7.8% in the energy sector, by 1.5% for both capital goods and durable consumer goods, by 1.3% for intermediate goods and by 0.1% for non-durable consumer goods. Prices in total industry excluding energy rose by 1.0%.

In the EU28, industrial producer prices rose by 8.2% in the energy sector, by 1.7% for intermediate goods, by 1.6% for durable consumer goods, by 1.5% for capital goods and by 0.5% for non-durable consumer goods. Prices in total industry excluding energy rose by 1.3%.

Industrial producer prices rose in all Member States, with the highest increases recorded in Romania (+6.7%), Belgium (+6.4%), Latvia (+6.1%) and Hungary (+5.5%).

GRASS FACTCHECK

Salome Samadashvili:

STATEMENT:

"THE CURRENCY DEPRECIATED UNDER THE GEORGIAN DREAM GOVERNMENT AND THE BUDGET OF THE MINISTRY OF DEFENCE DECREASED AS COMPARED TO 2014 BECAUSE WE HAVE TO MAKE CALCULATIONS IN USD."

VERDICT:

FACTCHECK CONCLUDES THAT SALOME SAMADASHVILI'S STATEMENT IS MOSTLY FALSE.

Vakhtang DEMURIA
FactChek

RESUME:

In 2019, the planned budget for the Ministry of Defence of Georgia is nearly GEL 875 million whilst its actual budget was GEL 667.4 million in 2014. However, whilst analysing the budget dynamics, it is necessary to consider relative figures as well as absolute numbers. In the case of the Ministry of Defence, its expenditures to GDP ratio decreased in 2019 from 2.29% to 1.95% as compared to 2014 despite a growth in nominal funding. In addition, the share of the Ministry's allocated funds in total budget expenses decreased from 8.16% to 7.42%. Therefore, the context of Salome Samadashvili's statement is somewhat true.

However, Salome Samadashvili got her results from converting the absolute figures in USD instead of making a correct analysis. Therefore, her line of argument is inaccurate because it is inappropriate to calculate a budget in a foreign currency. It is possible that as a result of the changes in the exchange rate, less goods and services are purchased in USD although this cannot be interpreted as a "decreased budget" because such kinds of expenses are only a part of the budget and not the whole. Naturally, the Ministry of Defence's expenses are made in accordance with the contracts concluded both in GEL and USD as well as in other currencies, a part of which might have depreciated against GEL (for instance UAH).

That part of the statement where Salome Samadashvili addresses the Government of Georgia and says "...you depreciated the currency..." is largely speculative. The GEL exchange rate is affected by internal and external objective factors which are beyond the Government of Georgia's control. Of importance is the USD index dynamic whose sharp growth trend coincides with the start of the GEL depreciation process in the third quarter of 2014. Taking this into consideration, saying that the Government of Georgia has depreciated the currency is incorrect. However, together with the external factors, certain actions or inactions of the Government of Georgia also contributed to the GEL depreciation (a low economic growth rate, the imposition of a stricter visa regime on a number of countries, poorly planned reforms,[1] unequal spending of state finances, etc.).

ANALYSIS

On 4 April 2019, United National Movement MP, Salome Samadashvili, stated: "In fact, the budget of the Ministry of Defence decreased because the national currency depreciated under your government and we have to calculate the budget in USD. Since 2014, the Ministry's budget has decreased by USD 80 million."

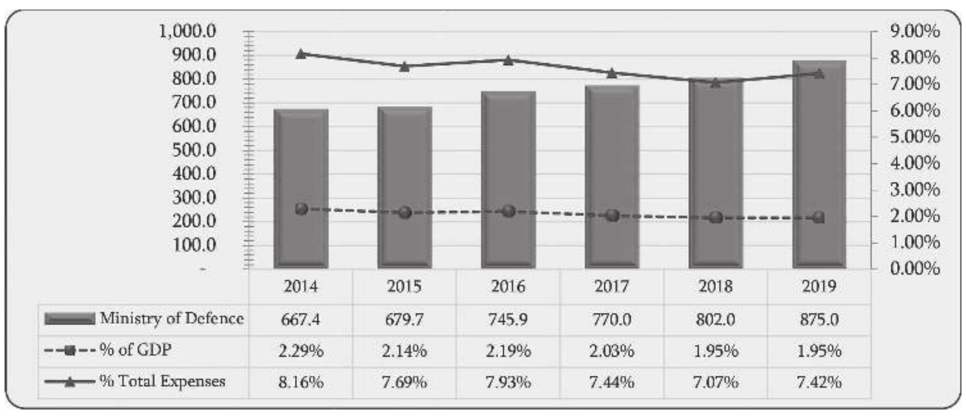
The Ministry of Finance of Georgia publishes its budget indicators. These indicators are given in Georgia's state budget chapter of allocations. Whilst analysing budget dynamics, it is necessary to consider relative figures together with nominal ones. In the case of the Ministry of Defence's budget, the expenses to GDP ratio, as well as their share in total budget expenses, have decreased in 2019 as compared to 2014.

In 2019, the planned amount of the Ministry of Defence's budget is nearly GEL 875 million whilst its actual budget was GEL 667.4 million in 2014. The share of the Ministry's allocated funds in total budget expenses decreased from 8.16% to 7.42% and the expenditures to GDP ratio decreased from 2.29% to 1.95%. Therefore, the context of Salome Samadashvili's statement in regard to a decrease in the budget is somewhat true. That said, her line of argument which leads to the aforementioned conclusion is inaccurate because it is inappropriate to calculate a budget in a foreign currency. It is possible that as a result of the changes in the exchange rate, less goods and services are purchased in USD. However, such kinds of expenses are only a part of the budget and this cannot be interpreted as a "decreased budget."

That part of the statement where Salome Samadashvili addresses the Government of Georgia and says "...you depreciated the currency..." is largely speculative. The GEL exchange rate is affected by internal and external objective factors. Under the Georgian Dream government, certain of its actions or inactions, together with the difficult economic and geopolitical situation in the region, also contributed to the depreciation of GEL against USD. One of the clear-cut indicators here is the USD index which has had a growth trend since 2014 and is beyond the Government of Georgia's control.

1 For instance, in 2016 it was proposed to separate the supervisory function from the National Bank of Georgia, impose a stricter visa regime, etc.

Graph 1: Ministry of Defence Budget Dynamics in 2014-2019 (GEL Million)



Source: Ministry of Finance of Georgia

New Variable Created for Degree of Urbanisation Worldwide

Lewis DIJKSTRA And Andrew RZEPA
Gallup

The FINANCIAL -- Migration has been a driving force behind some of the biggest changes around the world -- particularly over the past two decades. The shift of individuals moving from rural areas to urban areas has not only driven economic development, but also created myriad challenges for policymakers who need to understand the needs and requirements of these individuals.

An often-cited United Nations data point is that since 2009, more people are living in urban areas than rural. Despite the significance of this finding, until recently, little has been known about the distribution and degree of urbanicity of the world's urban populations. This is a consequence of the fragmented way that countries have historically determined what classifies as urban.

In response to this lack of a common definition, a coalition of six international organizations (the EU, FAO, ILO, OECD, UN-Habitat and the World Bank) have developed a single global definition called the Degree of Urbanisation. They have applied this definition to an estimated global population grid, thereby creating a single, consistent definition of urbanisation that could be applied uniformly to any specific geographic area.

Gallup partnered with the European Commission in 2018 to review over 170,000 face-to-face geotagged interviews collected through the Gallup World Poll in more than 109 countries in 2017 and 65 countries in 2016. By overlaying the interview geotags against this geospatial layer, we were able to obtain a new globally consistent, harmonized Degree of Urbanisation variable for every interview.

This new standardized variable has widescale ramifications for policymaking. It can facilitate the sharing of best practices across communities with similar characteristics and improve policies responsible for resource allocation or aid distribution.

The newly developed Degree of Urbanisation variable is available through a free download (as a .csv file) that Gallup data subscribers can integrate back into the 2016 and 2017 World Poll data sets.

This variable provides subscribers with an unprecedented opportunity to explore the impact of the Degree of Urbanisation against the battery of Gallup's core World Poll variables, including: happiness, access to good jobs and desire to migrate. It also creates an opportunity for Gallup's clients to explore the impact of urbanicity on SDG indicators such as food security and financial inclusion.

Accor launches plan with WOJO to become largest coworking brand in Europe by 2022

Continued from p. 6

airports and shopping malls. This coworking experience is designed for local and coworkers customers, with recurring weekly needs, seeking an informal and comfortable work environment.

The first WOJO Corner was launched in 2018 in the Mercure Paris Montmartre Sacré-Cœur hotel. Building on the success of this pilot in the heart of Paris, more than 100 other WOJO Corners will open throughout Europe by 2022.

WOJO Sites, the "all in one" coworking solution

These are unique stand-alone coworking spaces over several thousand square meters in dedicated buildings, combining communal zones (bars, lounges, kitchens) with shared spaces, meeting rooms and dedicated offices. They bring together on one site a wide range of entrepreneurs, department of large companies, startups and smaller companies to form a dynamic, integrated community. Unlike Spots and Corners, it is possible to rent offices and benefit from a wide range of services. As heralds of a new lifestyle at work, WOJO sites are led by a "business partners" teams who are dedicated to the well-being of members and to connecting them strategically with other members in the network to create new business opportunities. These sites are developed in partnership with Bouygues Immobilier and WOJO will be integrated from the outset in certain real estate projects.

The strategic network offered by the combination of WOJO Spots, Corners & Sites reflects WOJO's desire to provide shared workspaces in iconic, central and strategic locations. The WOJO sites are historically the first spaces to have been deployed: 10 sites are currently open in Île-de-France and Lyon (with over 5000 members). Wojo sites will expand rapidly across Europe with a target of more than 50 locations by 2022.

As a result, Accor is the first global hotel group to collaborate with a recognized player in the coworking field to present a brand experience that is unique in its scope and content and is open to travelers and locals alike.

Augmented hospitality comes to life for consumers

The rollout of a global coworking experience with WOJO is yet another proof point of Accor's broader vision to increase its relevance in the daily lives of consumers. Steven Taylor, Chief Brand Officer: "We are reimagining hospitality not as a place or service, but as infinite connected moments, whether you want to live, work, or play. We are creating a holistic ecosystem around the consumer and WOJO is a great example of how our unique augmented hospitality strategy will allow us to connect into the everyday lives of customers."

An Off Year Puts Asset Managers Under Renewed Stress

NEW YORK—Asset managers must blaze new strategic trails to put their growth trends on a more consistent track following a difficult year—especially in an industry largely dominated by a small number of players—according to a new report by Boston Consulting Group (BCG). The report, titled How Asset Managers Can Win in a Winner-Takes-All World is being released last week.

Positioned as a precursor to BCG's annual Global Asset Management study, which is due out later this year, the report offers a comprehensive look at industry performance in 2018, examines the battle between active and passive strategies, and explores the winner-takes-all dynamic. Sounding a call to action, the report also outlines optimal next steps for asset managers in their quests to stem the tide and gain or maintain competitive advantage.

"In a worst-case scenario, by 2023, profits will have decreased by nearly one-third," said Renaud Fages, a BCG partner based in New York, coauthor of the report, and global leader of the firm's asset management segment. "However, the outlook is not entirely gloomy. Challenging periods present opportunities for change and, in a largely winner-takes-all world, the chance to get ahead of the competition."

A Difficult Year in Terms of Overall Performance. According to the report, the asset management industry, after several years of stellar performance, found in 2018 that it had to adjust. Bouts of financial-market volatility, tightening monetary policy, and slowing global growth created a more challenging environment.

Assets under management (AuM), net inflows, and revenues came under considerable duress. In a sample of 30 managers from around the world representing AuM of $39 trillion—roughly half the industry—BCG found that AuM fell by 4% in 2018, a marked turnaround from the 12% rise seen in 2017. Net new flows, meanwhile, were 0.9%—considerably weaker than the record 3.1% seen in 2017. The historical average is about 1.5%.

The shifting patterns of AuM were reflected in revenues, with aggregate revenues rising by 3%, measurably less than the 9% gain seen in 2017. Costs, meanwhile, continued to rise as the industry struggled to adjust to the macroeconomic environment and firms invested in, for example, data and analytics. Regulatory measures, such as the updated Markets in Financial Instruments Directive, were also major drivers of increasing costs. The average cost-to-income ratio of our sample was 66% in 2018, up slightly from 65% 2017.

Active Asset Managers Are Feeling the Heat. The battle between active and passive strategies continued to play out in 2018, with passive grabbing most of the net inflows in the US, while active held its own in Europe and Asia-Pacific. Ten of the 15 most popular strategies in the US were passive, with global, emerging-market, and specialty themes continuing to prosper. One-third of the top 15 were dedicated to such motifs. The European market continued to lag behind the US in that respect. Just 5 of the top 15 strategies were passive, while the remainder were active.

"Passive is increasingly popular with both retail and institutional investors, and a price war is proceeding apace," said Dean Frankle, a BCG principal based in London, coauthor of the report, and the firm's asset management topic leader in the UK. "Some active managers have responded by restructuring fee schedules, shutting underperforming funds, and launching new products."

The Winner-Takes-All Dynamic. Overall, in terms of flows, 2018 was a challenging year. In the US, $620 billion of inflows were offset by $491 billion of outflows. The trend in recent years has been for winning firms to capture the lion's share of inflows, and that continued in 2018, albeit at a slightly slower rate—and mainly in the US. The top ten US players captured 81% of net mutual fund flows of firms with positive flows, compared with 85% in 2017. In Europe, the top ten accounted for 29% of inflows in 2018, compared with 35% in 2017.

Continued on p. 16

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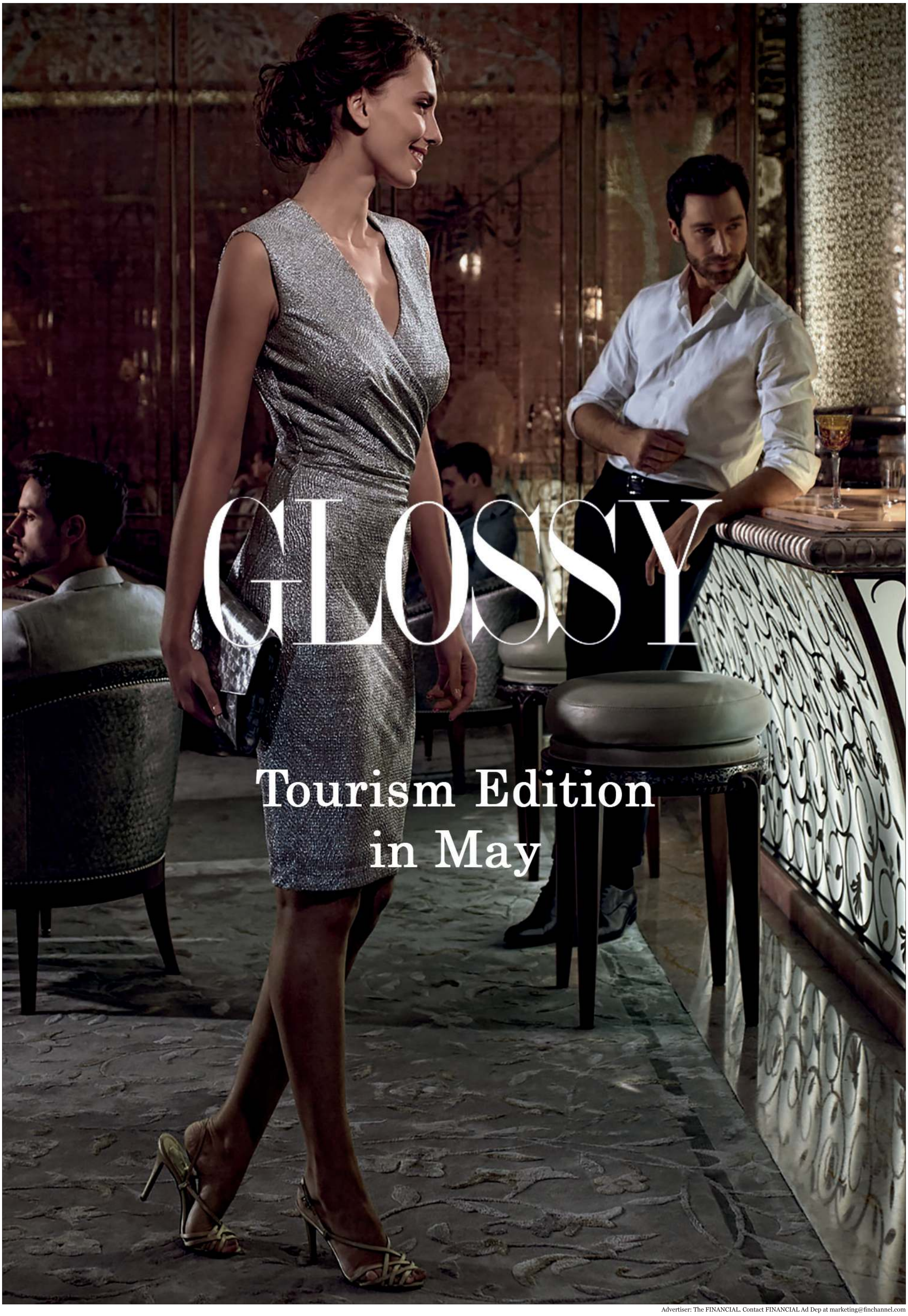

More Than One in Five Millennials Still Live With Mom

The FINANCIAL -- More people age 23-37 are living with their moms than at any time this century, according to a Zillow® analysisi. Nearly 22% of American millennials – more than 14 million in total – live with their mom or both parents, the highest share for this age group since at least 2000.

The share of young adults living with mom has increased steadily since 2001 – more than doubling from 6.8 million (11.7%) to 14.3 million (21.9%).

While the economy has recovered since the housing bust and recession of the mid-2000s, young people living with their moms has continued to rise. The share of those living at home that are unemployed has fallen to 10.3% from 19.5% in 2010, indicating that more young people are struggling to afford independent housing even while holding a job.

"While it might be tempting to stereotype these young adults as lazy millennials bumming off of mom, the data paints a different picture," said Zillow Senior Economist Sarah Mikhitarian. "When the housing market went bust and the economy unraveled into a recession, young adults increasingly returned to their childhood home. And, despite a strong labor market and fairly robust economic recovery, this trend has continued in the face of rising housing costs and deteriorating affordability. Living with mom as an adult can certainly bring its share of headaches, but the benefits go beyond the occasional home-cooked meal – living under mom's roof can allow young adults to save enough money for a down payment, security deposit or some other big expense. Not to mention you won't have to travel far to take your mom out to dinner this Mother's Day."

Rents are on the rise, bringing present-day affordability challenges for those looking to rent and long-term difficulties in saving for a down payment on a first home. Recent Zillow research found today's renters need an extra year and a half to save for a down payment than their parents' generation 30 years earlier.

Those that choose to live with their moms and build up their savings may have a leg up. An analysis from HotPads®, a Zillow Group-owned apartment- and home-search platform, showed that living rent-free with parents can allow you to afford a down payment on a home nearly three years sooner. And a small share of this young adult population is actually hosting mom in their own home – perhaps to take care of her as she ages or to have help raising children of their own.

Among large housing markets, Riverside, Miami, Los Angeles and New York have the highest share of millennials living with their moms – at least 31%. These four metros are all among the seven least affordable rental markets in the country.

Millennials in Seattle, Austin, Portland, Kansas City and Denver will likely need to travel to visit their moms on Mother's Day. The smallest share of young adults live with mom in these markets, below 15% in each case. In these booming, expensive markets, it's likely that fewer young adults live with mom because family is far away rather than because rents are more affordable.

The median monthly rent price in the U.S. is $1,474, up 2.5% from a year earlier, according to the Zillow Rent Indexii. Zillow predicts rents will rise an additional 1.8% in the coming year and reach the $1,500 threshold.

EBRD sees stronger growth in southern and eastern Mediterranean in 2019/2020

The FINANCIAL -- Countries in the southern and eastern Mediterranean (SEMED) will see stronger growth in both 2019 and 2020, bucking a trend of slowing economic expansion this year in the rest of the EBRD regions, according to the EBRD's latest economic outlook.

Average growth across the five SEMED countries – Egypt, Jordan, Lebanon, Morocco and Tunisia – is expected to rise to 4.6 per cent this year from 4.4 per cent in 2018 and increase further to 5.1 per cent in 2020.

The EBRD's report says social unrest and political instability in Jordan and Lebanon delayed implementation of various reforms last year. However, tourism continued to strengthen in most countries and competitiveness in Tunisia improved due to currency depreciation. The sound implementation of reforms propelled Egypt to its highest growth rate in a decade.

Economic activity in SEMED is expected to benefit from the implementation of economic reforms and business environment upgrades to promote domestic and foreign investment. Greater domestic and political certainty should also support growth, which will nevertheless remain below pre-2011 levels.

In Egypt, it is tourism, natural gas production, telecommunications, construction and Suez Canal revenues that have driven strong growth, with the economy likely to expand by 5.5 per cent in the fiscal year 2018-19 and by 5.9 per cent in 2019-20, compared with a previous 5.3 per cent.

The main risks to the outlook arise from a persistent wait-and-see approach taken by foreign investors and the erosion of competitiveness because of the recent appreciation of the pound and stubbornly high inflation. The risks are partially mitigated by the authorities' strong commitment to the implementation of structural reforms.

Growth in Jordan will rise only moderately in 2019 and 2020 and the pace of economic activity is likely to remain well below levels seen before the start of instability in neighbouring Syria and Iraq in 2010 that has exerted significant pressure on the domestic economy.

The EBRD expects modest expansion of 2.2 per cent in 2019 and 2.4 per cent in 2020, after just 1.9 per cent in 2018. Supporting factors for the Jordanian economy should include the implementation of structural reforms, domestic and foreign investment, lower imported energy costs and increased access to finance for small firms.

Jordan will also likely benefit from greater confidence on the back of commitments made at a conference in London in February 2019 in support of investment, growth and jobs in the country and from rising exports following the re-opening of the border with Iraq.

Lebanon is likely to see only a small pickup in growth after a slowdown to just 0.2 per cent in 2018. The outlook remains uncertain.

Investment and private consumption were dampened by political uncertainty following May 2018 elections and by a "wait-and-see" approach following the April 2018 CEDRE conference in Paris, which aimed to spur donor and investor support for the Lebanese economy.

Growth is expected to remain low at 1.3 per cent in 2019 and 2.0 per cent in 2020, reflecting lack of clarity regarding sources of economic growth, political and security risks, both domestic and regional, and subdued growth in traditional drivers such as tourism, real estate, and construction.

Any improvement in the outlook depends on the successful implementation of reforms pledged by the government in the context of the CEDRE Conference. Lebanon is also well placed to benefit from the reconstruction efforts in Syria, should the situation stabilise in that country.

In Morocco, growth is expected to improve to 3.2 per cent in 2019 and 3.8 per cent in 2020 driven by stronger non-agriculture growth, after a slowdown to 3.1 per cent in 2018. The likely upturn will reflect improved fiscal management and economic diversification away from agriculture, a further recovery in tourist arrivals, strong foreign direct investment, rapid expansion of the automotive and aeronautics industries and expanded mining capacity.

Economic growth in Tunisia accelerated to 2.5 per cent in 2018, the fastest growth since 2012, benefitting from an upturn in agriculture on the back of favourable weather conditions and input from the tourism and banking sectors.

Growth in 2019 is forecast to rise only slightly to just 2.7 per cent, held back by the delay in the implementation of structural reforms, primarily due to political uncertainty ahead of elections later in 2019.

In 2020, once the elections are over, the EBRD expects a recovery in foreign investor confidence in Tunisia's reform momentum which should result in a significant improvement in both domestic and foreign investment and push growth to above 4.0 per cent.

Volume of retail trade unchanged in euro area

Up by 0.3% in EU28

The FINANCIAL

In March 2019 compared with February 2019, the seasonally adjusted volume of retail trade remained unchanged in the euro area (EA19), and increased by 0.3% in the EU28, according to estimates from Eurostat, the statistical office of the European Union. In February 2019, the retail trade volume increased by 0.5% in both the euro area and EU28.

In March 2019 compared with March 2018, the calendar adjusted retail sales index increased by 1.9% in the euro area and by 2.9% in the EU28

Monthly comparison by retail sector and by Member State

In the euro area in March 2019, compared with February 2019, the volume of retail trade increased by 0.6% for food, drinks and tobacco, while automotive fuel decreased by 0.6% and non-food products by 0.4%. In the EU28, the retail trade volume increased by 0.5% for food, drinks and tobacco and by 0.2% for non-food products, while automotive fuel remained stable.

Among Member States for which data are available, the largest increases in the total retail trade volume were registered in Lithuania (+1.7%), Portugal (+1.2%) and the United Kingdom (+1.1%). The highest decreases were observed in Slovenia (-3.1%), Croatia (-1.9%) and Austria (-0.8%).

Annual comparison by retail sector and by Member State

In the euro area in March 2019, compared with March 2018, the volume of retail trade increased by 3.0% for non- food products, by 1.4% for automotive fuels and by 0.7% for food, drinks and tobacco. In the EU28, the retail trade volume increased by 4.4% for non-food products, by 4.1% for automotive fuel and by 0.4% for food, drinks and tobacco.

Among Member States for which data are available, the highest yearly increases in the total retail trade volume were registered in Ireland (+10.8%), Romania (+9.3%), Croatia and Luxembourg (both +8.6%). Decreases were observed for Slovakia (-2.0%), Austria (-1.0%) and Belgium (-0.9%)

financial news

In U.S., Real Estate Still Leads Stocks as Best Investment

Jeffrey M. JONES
Gallup AMERICA

WASHINGTON, D.C. -- Stocks have had a strong 2019, with the major U.S. stock indices establishing or nearing record highs in April and early May. Still, more Americans continue to believe real estate (35%) is a superior long-term investment to stocks (27%) or other investment options.

The April 1-9 Gallup poll was conducted amid the ongoing bull stock market, but before the recent stock index records. In recent years, the real estate market has also been hot, with home values in 2018 the highest on record, and Americans expect home prices to continue to rise.

Gallup has asked a version of the best investment question since 2002, and Americans' choices have varied, largely in response to the performance of the various investment options. In 2002, as housing prices were increasing rapidly, 50% of U.S. adults said real estate was the best investment, the highest percentage choosing any investment type in a single year in Gallup's trend. Five years later, as the real estate bubble was about to burst after values peaked, housing still ranked first but with fewer Americans, 37%, choosing it.

Between 2008 and 2010, covering most of the Great Recession period that saw plummeting home and stock values, Americans were as likely to name savings accounts or CDs as the best long-term investment as they were to name stocks or real estate.

Gold topped the list the first two years Gallup included it as one of the options, in 2011 and 2012, and essentially tied for first in 2013. In recent years, with both real estate and stocks showing consistent gains and gold prices falling from their 2011 high point, the allure of gold has faded. The 14% choosing gold as the best investment this year is down from 34% in 2011.

Stock Ownership Steady, but Not Back to Pre-Recession Figures

The percentage of Americans who invest in the stock market -- 55% -- has stayed relatively steady in recent years, improving only slightly from the low point of 52% registered in 2013 and 2016, despite the strong performance of stocks. The rate of stock ownership remains significantly lower than it was before the Great Recession, including 62% in 2007.

Previous Gallup analysis showed that stock ownership has declined among most major U.S. subgroups since before the recession, with the exception of upper-income and older Americans.

Stock owners, not surprisingly, are more positive than the general public is about stocks as an investment. Thirty-seven percent of stock owners (compared with 27% of U.S. adults) rank stocks as the best long-term investment option, essentially tying it for first with real estate (38%) among stock investors.

Americans who own both stocks and a home are also divided as to which is the best investment, with 40% choosing real estate and 38% stocks.

A 2018 Wells Fargo/Gallup survey asked U.S. investors with $10,000 or more in investments a similar question about the best long-term investment. This group of investors was even more positive about stocks as a long-term investment, with 54% choosing mutual funds as the best long-term investment and an additional 11% choosing individual stocks.

Stock Owners Are More Positive About Stocks as an Investment, but No More Than Real Estate

Which of the following do you think is the best long-term investment -- [ROTATED: bonds, real estate, savings accounts or CDs, stocks or mutual funds, (or) gold]?

	U.S. adults	Own stocks	Own stocks and a home
	%	%	%
Real estate	35	38	40
Stocks	27	37	38
Savings accounts	15	9	8
Gold	14	9	9
Bonds	5	4	3

GALLUP, APRIL 1-9, 2019

In that survey, just 19% chose real estate, perhaps because the question wording asked respondents to exclude their primary home when thinking of real estate as an investment. The differing results between the two surveys suggest that many stock owners see a primary home as a solid investment -- one that is on par with stocks -- but that a second home or another type of real estate investment is not as appealing as stocks are.

Americans who do not own either stocks or a home are more inclined to see real estate (31%) as a better investment option than stocks (18%), while 23% choose savings accounts or CDs.

Empowered Women Will Drive Economic Growth in the Pacific

The FINANCIAL -- Making it easier for women in the Pacific to start businesses and gain formal employment will improve livelihoods and create more open and productive economies, says a recently released book by the Asian Development Bank (ADB).

Women and Business in the Pacific, a joint publication from ADB's Pacific Private Sector Development Initiative (PSDI) and the Government of Australia, examines how women in seven Pacific countries engage in the private sector. It identifies numerous barriers to women's entrepreneurship and employment, and suggests a range of responses for each country to consider.

"Women's economic empowerment will not happen automatically or quickly in Pacific island countries," said ADB Director General for the Pacific Ms. Carmela Locsin. "It will require a sustained, collaborative effort from governments, development agencies, civil society organizations, and the private sector. This book, with its innovative and pragmatic recommendations, will help these institutions formulate effective programs to ensure women in the Pacific can participate fully in their economies."

"No nation can reach its economic potential without harnessing the energy, skills, ideas, and talent of women. With the diversity of ways it presents to support women's empowerment and their equal access to economic opportunities, Women and Business in the Pacific will help governments, business, aid organizations, and women in the Pacific themselves to achieve the goal of seeing more women working and leading in the private sector." - said First Assistant Secretary in Australia's Department of Foreign Affairs and Trade's Office of the Pacific Ms. Kathy Klugman.

Data collected for the book illustrates the under-representation of women in the Pacific in economic activities. Women constitute just 34% of the formal workforce in Fiji and only 29% in Samoa, where they earn 62% less on average than men. In Tonga, only 18% of formal businesses are women-owned, while only 25% of small and medium-sized enterprises are owned by women in Papua New Guinea (PNG). Only 8% of state-owned enterprise board members in Vanuatu are women, and only 10% in PNG are.

"Women and Business catalogues, analyzes, and seeks to inform responses to the contexts that economically marginalize women in Pacific countries. These include limited access to land, finance, skills training, and trade and markets, as well as—more broadly—threats to women's autonomy and issues with dispute resolution and the enforcement of rights." - said the book's lead author and PSDI's Gender Expert Ms. Vijaya Nagarajan.

An Off Year Puts Asset Managers Under Renewed Stress

Continued from p. 13

The winner-takes-all trend was less entrenched there, mainly because both the market and distribution methods are more fragmented.

Optimal Next Steps for Asset Managers. According to BCG, there are two key strategic approaches for asset managers working to prepare for the future: shoring up defenses and adopting more aggressive strategies. Defensive moves include focusing intently on costs, reviewing the portfolio, and optimizing pricing. Aggressive strategies, meanwhile, may comprise refocusing on client retention, leveraging data and analytics, and seeking M&A opportunities. But BCG concludes that, in truth, neither approach alone is sufficient: CEOs must embrace both. In a time of adversity, the most unwise choice is to do nothing.

"As leaders contemplate a tougher future, they should concentrate on costs with a simultaneous focus on ensuring that clients are highly motivated to remain on board," said Qin Xu, a BCG partner based in Hong Kong, coauthor of the report, and the firm's asset management topic leader in Asia. "However, asset managers may also consider more aggressive approaches, including leveraging advanced analytics, introducing products, moving into new locations, and merging with peers. A downturn brings inevitable risk. Viewed constructively, however, it may present an inviting window of opportunity."

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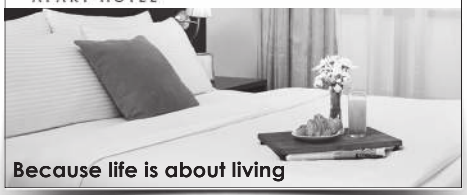
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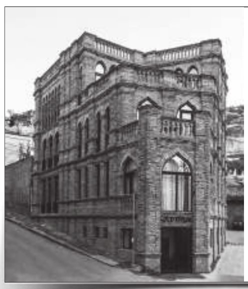
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info@tbilisiinn.com


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info@batumiworldpalace.com


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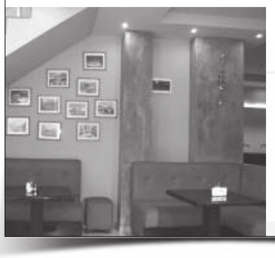

84, Barnovi Str.
Tel: 225 22 58
15, Erekle II.
Tel: 293 14 11
2, MarjaniSvili Str.
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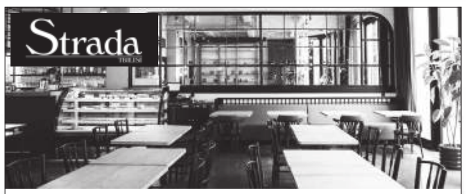

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Kote Apkhazi Str (Leselidze),
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Vake, Mtskheta street 48/50
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