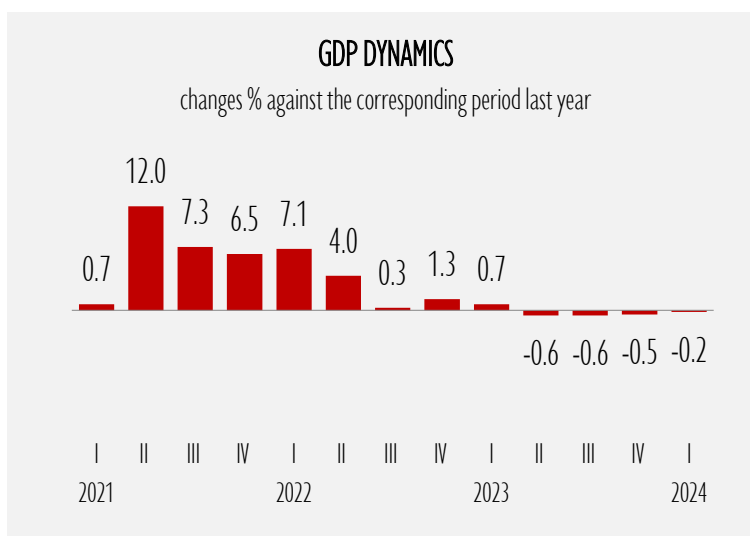


## On Flash Estimate of GDP in Q1 of 2024

**In Q1 of 2024, a slight decline can be observed in the economy**

According to the flash estimate by the Central Statistical Bureau (CSB), in the 1st quarter of this year, GDP at constant prices was 0.2% lower than in the same period last year. GDP in the 1st quarter was affected by declines in both the manufacturing and service sectors, as well as reduced collection of product taxes.

The negative GDP dynamics are mainly influenced by the unfavorable and uncertain geopolitical situation in the region, as well as the high price level.



Weaker performance in the manufacturing sectors in the 1st quarter was already expected. In the first two months of this year, the output volumes of the manufacturing industry were 3% lower than a year ago. Production volumes in the chemical industry, non-metallic minerals, finished metal products, and machinery and equipment decreased. At the same time, there are also positive trends in the manufacturing industry. There was an increase at the beginning of the year in the production of food, wood and cork products, as well as printing and paper. In January-February 2024, there was also an annual increase in volumes in mining and quarrying (by 16%) and in the electricity and gas supply sector (by 5.9%).

The situation in the external environment adversely affects foreign trade and export volumes. Overall, in the first two months of this year, the export of goods at actual prices was 3.2% lower than in the corresponding period last year. Considering that at the beginning of the year, the index of export prices of goods was negative (-5%), this means that the volumes of exports at constant prices have slightly increased on an annual basis.

There is a slight decline in the service sector. However, in the 1st quarter of this year, retail turnover at actual prices was 2.1% higher (0.9% at constant prices) than in the 1st quarter of last year. This indicates that, despite the high price levels, there is still positive momentum in private consumption.

It is expected that geopolitical uncertainty and high prices will continue to affect economic development, and it is likely that economic activities will remain moderate in the first half of the year. The Ministry of Economics predicts that in 2024, GDP will grow by 1.8%.