

Monthly Azerbaijan Business Monitoring



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General economic situation in Azerbaijan

Azerbaijan's GDP in 2018 amounted to almost 79.8 billion manats, which is 1.4 percent more than in 2017, the State Statistics Committee said.

GDP per capita was 8,126.2 manats.

The volume of GDP produced in the non-oil sector of Azerbaijan increased by 1.8 percent compared to 2017, while there was an increase of 0.6 percent in the oil and gas sector.

In 2018, except for the construction sector, growth was observed in all spheres of the economy. Thus, the sphere of transport and storage grew by 7.8 percent, accommodation of tourists and catering - by 7.6 percent, information and communication services - by 9.3 percent, agriculture, forestry and fisheries - by 4.6 percent, trade and repair of vehicles - 3 percent, industry - by 1.4 percent, other areas - by 0.8 percent.

The construction sector decreased by 9 percent.

Thus, 44.2 percent (almost 35.3 billion manats) of Azerbaijan's GDP accounted for industrial sphere, 7.96 percent (6.35 billion manats) - for construction, 5.2 percent (4.2 billion manats) - for agriculture, forestry and fishery.

Net taxes on production and import accounted for 7.8 percent (6.2 billion manats) of Azerbaijan's GDP.

According to the committee, 9.6 percent of the GDP (7.67 billion manats), produced in the service sector, accounted for trade and maintenance of vehicles, 6.3 percent (5.03 billion manats) - for transport and storage, 2.2 percent (1.79 billion manats) - for accommodation of tourists and catering, 1.6 percent (1.24 billion manats) - for information and communication services, 15 percent (12 billion manats) - for other services.

	Value added in mln manat	Special weight, %	Growth compared to reporting period of 2017, %
GDP in total	79,797.3		101.4
industry	35,286.1	44.2	101.4
agriculture	4,196.1	5.2	104.6

construction	6,353.8	7.9	91
transport	5,032.6	6.3	107.8
communications	1,242.8	1.55	109.3
trade and repair	7,670.5	9.61	103
tourist accommodation and catering	1,790.7	2.24	107.6
Net taxes on products	6,228.2	7.80	101.5
deflator	112.2		

The communication sector was the most dynamic one in Azerbaijan in January-December 2018.

In January-December 2018, value added worth 1,242.8 million manat was observed in the sector or by 9.3 percent more than in January-December 2017.

The communication sector increased by 7.8 percent in January-December 2018 compared to January-December 2017. GDP reached 5,032.6 million manat in that sector.

Total value of industrial production (volume of manufactured goods and rendered services of industrial nature) amounted to 47.66 billion manats in Azerbaijan in January-December 2018, which is by 1.5 percent more than in the same period of 2017.

The non-oil sector of Azerbaijan's industry increased by 9.1 percent, and oil sector increased by 0.4 percent in January-December 2018 as compared to the same period of 2017.

The share of the private sector in the industrial sector was 82.6 percent.

The production volume in the extractive industry totalled 34.8 billion manats (a 0.2 percent increase for the year) in the reporting period.

Azerbaijan produced 38.7 million tons of oil and 19.2 billion cubic meters of gas in January-December 2018.

In January-December 2018, gas production in Azerbaijan increased by 7.1 percent compared to the same period of 2017.

The output value in the processing industry was 10.57 billion manats in January-December 2018 which is 8 percent more than in January-December 2017.

In this sector, the biggest growth was observed in the production of cars, trailers and semitrailers - 31 times, tobacco products - 2.7 times, printing products - 82.1 percent, electrical appliances - 2.5 times, furniture - 2.1 times.

The share of production, distribution and supply of electricity, gas and steam in the total volume of industrial production accounted for 4.1 percent, while the share of water supply, waste treatment and processing accounted for 0.7 percent.

In 2018, agricultural production in Azerbaijan in actual prices amounted to 7.01 billion manats, which is 4.6 percent more than in 2017.

During the period, production in livestock sector increased by 2.7 percent (to 3.82 billion manats) and in the crop sector by 6.8 percent (to 3.19 billion manats).

According to the State Statistics Committee, as of January-December 2018, 47.75 billion manat accounted for the Azerbaijani consumer market, which is by 3.1 percent more than its turnover for January-December 2017.

The monthly consumer expenses are estimated at 405.3 manat per capita in January-December 2018 or by 17.4 manat more compared to January-December 2017.

According to the State Statistics Committee, the prices on consumer goods and tariffs for services increased by 2.3 percent in 2018 compared to 2017. The food prices increased by 1.7 percent, non-food items - by 2.6 percent, paid services - 2.7 percent in Azerbaijan during the reporting period.

The foreign trade turnover with 185 countries amounted to \$30.92 billion in January-December 2018 or by almost 36.87 percent more than in January-December 2017.

The volume of export increased by 40.91 percent and amounted to \$19.46 billion in January-December 2018 compared to the same period of 2017.

The volume of import reached \$11.46 billion in January-December 2018 which is 30.5 percent more than in the same period of 2017.

Azerbaijan exported 3,088 goods and imported 7,566 different goods.

The black ink of foreign trade balance was estimated at over \$7.99 billion in January-December 2018, which is by 58.88 percent more than in the same period of 2017 (\$5.03 billion).

According to the Azerbaijani State Statistics Committee, 17,238.2 million manat was invested from all financial sources in the development of the economic and social areas of Azerbaijan in January-December 2018, which is by 4.4 percent less than in January-December 2017.

Some 4,838.8 million manat was invested in the Azerbaijani economy in December 2018, which is by over twofold more than investments in fixed assets in December 2017.

According to the Azerbaijani State Statistics Committee, the nominal income of the population totaled 53.68 billion manat in January-December 2018, which is by 9.2 percent more compared to January-December 2017.

Thus, the nominal income of the population per capita increased by 8.2 percent and reached 5,467.4 manat during the reporting period or 455.6 manat for the month.

In January-December 2018, the average rate of manat to the U.S. dollar was 1.70 manat versus dollar, to euro - 1.94 manat versus euro, to Russian rouble - 2.52 manat versus 100 rouble.

Prices and situation in consumer market in Azerbaijan

According to the State Statistics Committee, as of January-December 2018, 47.75 billion manat accounted for the Azerbaijani consumer market, which is by 3.1 percent more than its turnover for January-December 2017.

The monthly consumer expenses are estimated at 405.3 manat per capita in January-December 2018 or by 17.4 manat more compared to January-December 2017.

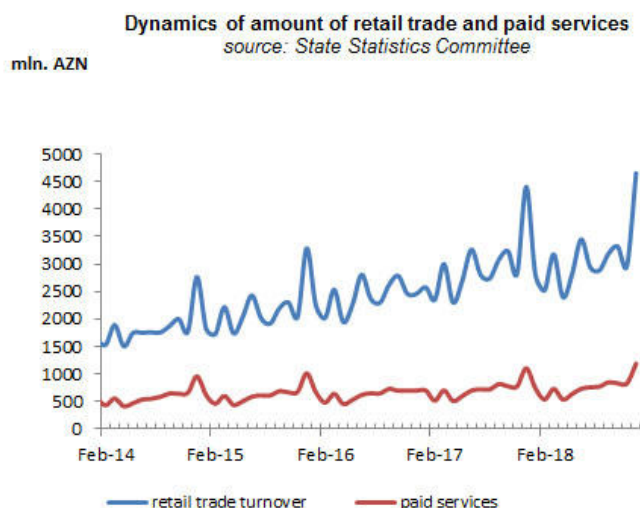
The retail trade turnover amounted to 37.1 billion manat in January-December 2018, which is by 3 percent more than in January-December 2017.

According to the Azerbaijani State Statistics Committee, food trade (18,638.4 million manat) increased by 2.5 percent in real terms, while retail sales of non-food products (18,451.6 million manat) showed a 3.4 percent real growth.

Paid services worth 9,131.7 million manat were rendered to the population in January-December 2018 or by 3 percent more compared to January-December 2017. Legal entities ensured 72.4 percent of this growth and rendered the services worth 6,615.3 million manat.

Every citizen of the country used paid services worth 929.9 manat per month in January-December 2018, which is by 42.7 manat more than in January-December 2017.

Transportation, public utilities and communication services prevail in the structure of paid services.

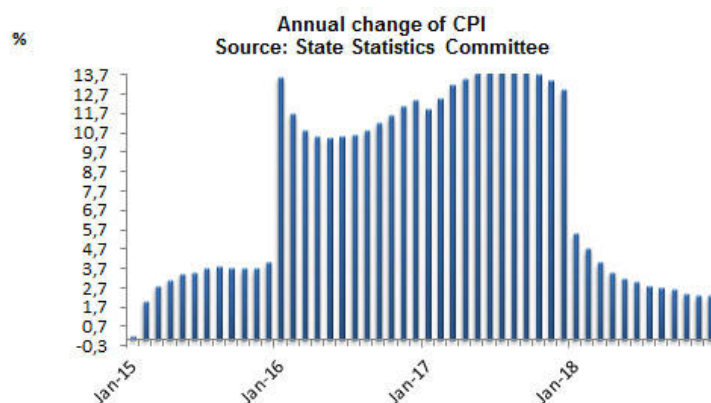


Prices

According to the State Statistics Committee, the prices on consumer goods and tariffs for services increased by 2.3 percent in 2018 compared to 2017.

The food prices increased by 1.7 percent, non-food items - by 2.6 percent, paid services - 2.7 percent in Azerbaijan during the reporting period.

The prices on consumer goods and tariffs for services increased by 0.8 percent, food - 1.7 percent, non-food items - by 0.2 percent, paid services - by 0.1 percent in Azerbaijan in December 2018.

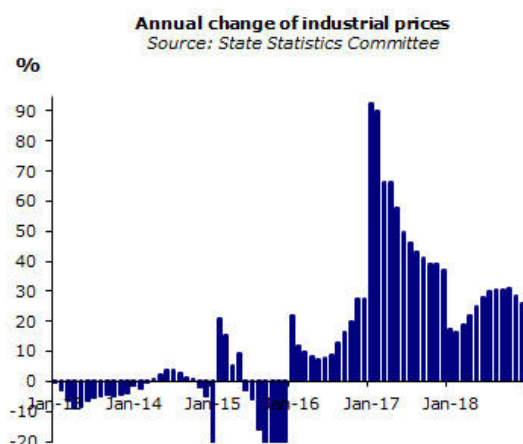


During the month, prices for fish and dairy products, cheese and eggs, vegetable oil, fruits and vegetables, coffee, tea and cocoa, tobacco and alcoholic beverages increased.

In December, prices for clothes, footwear, furniture and household appliances, carpets, car parts, stationery, jewelry increased. Prices for mobile phones decreased.

The prices for rental apartments, cleaning, sewing and rent of clothes, catering services and dental services increased in December compared to November.

Inflation rate reached 2.2 percent in Azerbaijan in January-November 2018, while in 2017 - 12.9 percent.



The producer prices for industrial products decreased by 6.5 percent in Azerbaijan in December 2018 compared to November 2018.

During the reporting period, producer prices in the mining industry decreased by 12.3 percent, while in the manufacturing industry decreased by 0.3 percent.

The producer prices for industrial products increased by 26 percent in January-December 2018 compared to January-December 2017, while the producer prices in the mining industry - by 32.8 percent and processing industry - 12.4 percent.

Review of oil and gas operations in Azerbaijan

1. FEC

a) Oil and Gas Production

In 2018, Azerbaijan produced almost 38.76 million tons of oil and gas condensate, which is similar with 2017.

As of Jan. 1, 2018, 288,100 tons accounted for finished products.

In 2017, Azerbaijan produced 38.78 million tons of oil and gas condensate, which is 5.5 percent less than in 2016.

The main volume of Azerbaijan's oil production accounts for the Azeri-Chirag-Guneshli (ACG) complex.

According to the State Statistics Committee, commercial gas production amounted to 13.8 billion cubic meters in the country in January-December 2018 (a 2.4 percent increase for the year).

In 2017, the commercial gas production amounted to 18.16 billion cubic meters compared to 18.71 billion cubic meters produced in 2016.

b) Processing

Azerbaijan produced 4.76 million tons of oil products in 2018 as compared to 4.65 million tons in 2017.

SOCAR, which is the sole producer of oil products in Azerbaijan, is currently modernizing its processing facilities as the fuel consumption has increased in the country.

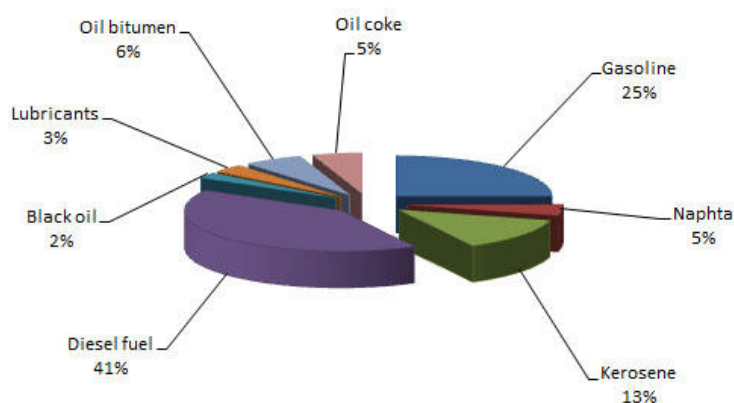
In total, the production of oil products in 2018 amounted to 3.1 million manats (almost 2.73 million manats in 2017).

Azerbaijan produced 4.65 million tons of oil products in 2017 as compared to 5.17 million tons in 2016.

Azerbaijan's output of oil products

Oil products	2018 (1,000 tons)	2017 (1,000 tons)	Difference (percent)
Gasoline	1,185.6	1,215.1	97.6
Naphtha	204.6	188.3	108.7
Kerosene	617	587.9	104.9
Diesel fuel	1,956.3	1,895.7	103.2
Fuel oil	106.5	266.3	40
Lubricants	154.7	34.9	4.4 times increase
Oil bitumen	289.5	237.2	122
Oil coke	244	226.7	107.6

Production of oil products in Azerbaijan in Jan-Dec. 2018



2. Chemical complex

Azerbaijan produced 56,200 tons of propylene in 2018, which is 55.9 percent more than in 2017.

Azerbaijan produced 96,000 tons of polyethylene in 2018, which is 3 percent more than in 2017.

During the period, Azerbaijan produced 98,900 tons of ethylene, an increase of 3 percent compared to 2017.

Production of main chemical products

Products	2018	Compared to 2017 (%)
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Nitrogen (1,000 cubic meters)	24,000.5	139.6
Polyethylene (1,000 tons)	96	103
Propylene (1,000 tons)	56.2	155.9
Isopropyl alcohol (1,000 tons)	7,284.9	61.3
Paint products (1,000 tons)	15,134.1	130.5
Iodine (tons)	185.1	93.3
Oxygen (1,000 cubic meters)	4,758	134.6
Ethylene (1,000 tons)	98.9	103

3. Electricity

Azerbaijan exported 1.4 billion kilowatt-hours of electricity upon customs declarations in January-December 2018, which is 16.67 percent more than in 2017.

In total, the volume of export for the reporting period reached almost \$65.6 million (an increase of 28.63 percent for the year).

Azerbaijan exported 1.16 billion kilowatt-hours of electricity in the amount of \$50.97 million upon customs declarations in 2017.

Azerenergy OJSC is the main producer of electricity in Azerbaijan, which has hundreds of substations and dozens of power plants on its balance sheet.

Investments in Azerbaijan's economy

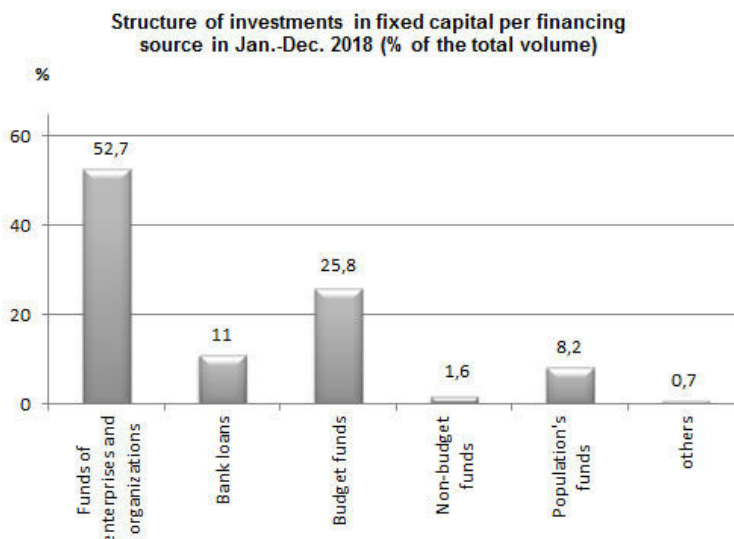
According to the Azerbaijani State Statistics Committee, 17,238.2 million manat was invested from all financial sources in the development of the economic and social areas of Azerbaijan in January-December 2018, which is by 4.4 percent less than in January-December 2017.

Some 4,838.8 million manat was invested in the Azerbaijani economy in December 2018, which is by over twofold more than investments in fixed assets in December 2017.

According to the report, 67.6 percent of investments in fixed assets were made in the construction of production facilities, 24.8 percent - non-production facilities, 7.6 percent - housing construction.

The main sources of investments in January-December 2018 are as follows:

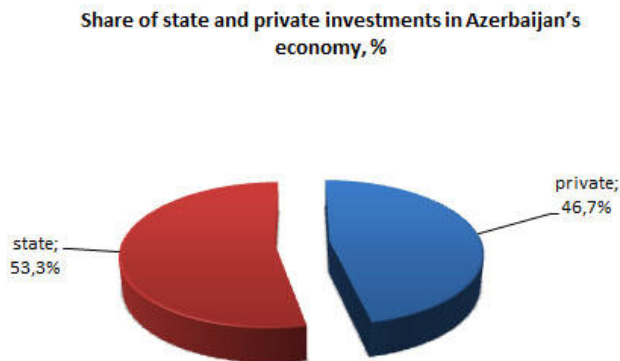
- funds of enterprises and organizations - 9,076.9 million manat (19.2 percent less compared to January-December 2017);
- budgetary funds - 4,449.2 million manat (80.3 percent more compared to January-December 2017);
- off-budgetary funds - 278.7 million manat (33 percent more compared to January-December 2017);
- bank loans - 1,902.5 million manat (21.4 percent less compared to January-December 2017);
- funds of population - 1,407.8 million manat (1.1 percent less compared to January-December 2017)



The investments made in the economy increased in all sources of financing, except the funds of enterprises and bank loans in January-December 2018.

Since early 2018, the investment activity of budget funds has increased by 80.8 percent due to the allocation of funds for important state projects.

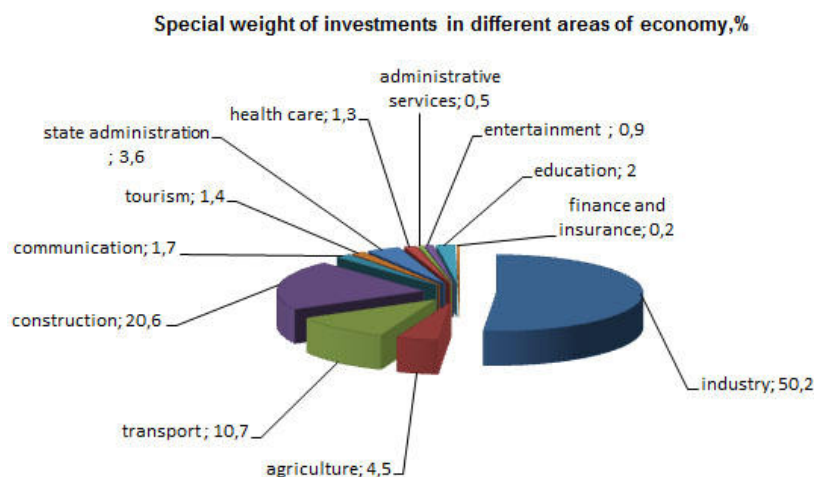
According to the State Statistics Committee's report, the private businesses and organizations invested 46.7 percent of total investments in the fixed capital, but the state businesses and organizations - 53.3 percent despite an increase in budget financing.



Some 68 percent of the total investments were made in construction and installation work for the reporting period.

The total investments worth 8,653.8 million manat were made in the Azerbaijani industrial sector in January-December 2018 or by 21.1 percent less compared to January-December 2017.

Some 5,675.4 million manat of those funds were made in the Azerbaijani extractive sector in January-December 2018 or by 34.9 percent less compared to January-December 2017.



Some 69.7 percent of the total investments accounted for the domestic investments.

Investment indices in January-December 2018:

(Source: State Statistics Committee and calculations by Trend")

	Amount in mln manat	Specific weight in percent
Investments in total	17,238.2	100
Foreign investments	5,221.5	30.3
Domestic investments	12,016.7	69.7

The foreign investments worth 5.22 billion manat were made in Azerbaijan's fixed assets in January-December 2018 or by 39.3 percent less compared to January-December 2017.

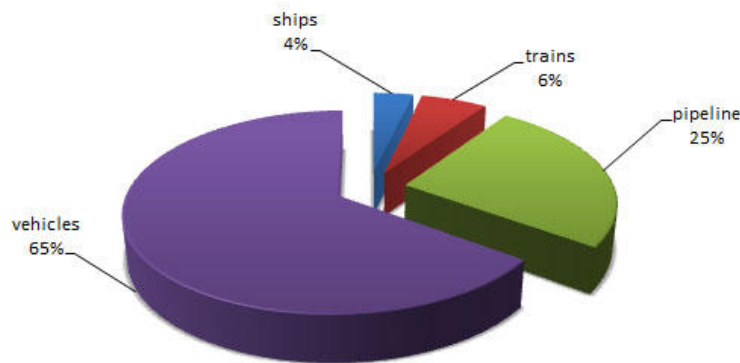
The investments worth 4.31 billion manat (82.6 percent) made in Azerbaijan's economy by foreign countries and international organisations accounted for investors from the UK, Russia, Malaysia, Turkey, Switzerland, Czech Republic, Japan, US and Iran in January-December 2018.

Review of transport sector in Azerbaijan

Some 229.9 million tons of cargo were carried via modes of transport in Azerbaijan in 2018 or by 1.5 percent more than in 2017, the Azerbaijani State Statistics Committee said in a report.

Some 64.9 percent of all cargo were transported via vehicles, 25.4 percent - via pipelines, 6 percent - via railway, 3.6 percent - via ships, 0.1 percent - planes.

Share of certain types of transport in a total volume of cargo transportation in Jan.-Dec. 2018



Source: Azerbaijani State Statistics Committee

Over 2 billion people were carried by passenger transport in 2018, which is 1.5 percent more than in 2017. The majority (88.2 percent) of the passengers were transported by vehicles, 11.5 percent - by metro, and the remainder - by other types of transport.

Some 13.7 million tons of cargo were carried by railway in 2018, which is 5.7 percent less than in 2017.

On average, the number of loaded railcars amounted to 338, unloaded - 411 per day. The average daily load of railcars in the northern direction of the railway amounted to 12,700 tons, in the western direction - 5,400 tons, in the southern direction - 800 tons.

Some 8.24 million tons of cargo were transported by ships in 2018, which is 1.3 percent less than in 2017. Some 54.8 percent of the transported cargo accounted for oil cargo. The volume of cargo handled in the ports of Azerbaijan in 2018 amounted to 9.9 million tons.

Some 149.3 million tons of cargo were transported by vehicles in 2018, which exceeds the same figure in 2017 by 3.1 percent.

The volume of passenger transportation by vehicles in 2018 amounted to 1.77 billion people (an increase of 1.5 percent compared to 2017). Some 96.1 percent of the passengers were transported by buses, 3.9 percent - by motor vehicles.

The volume of passenger traffic by metro amounted to 231 million people in 2018, an increase of 0.9 percent compared to 2017.

Some 2.4 million passengers were transported by planes in 2018, which is 1.7 percent more than in 2017. Thus, 0.1 percent of transportation by this mode of transport accounted for the private sector. Cargo transportation by planes increased by 17.4 percent and amounted to 203,100 tons for the year.

Azerbaijani IT sector

2018 was marked by the stabilization of Azerbaijan's ICT market after certain stagnation a year earlier. This was possible thanks to a balanced macroeconomic policy and structural reforms in the country, which will ensure further economic growth.

Despite there were few key events in Azerbaijan's ICT market in 2018, the year was quite successful for the sector. Commercial enterprises were successfully developing, new products and solutions appeared.

A significant event of the year was the launch of the second communications satellite - Azerspace-2 / Intelsat-38. The countdown for the launch of the Ariane 5 carrier rocket with a satellite on board was on September 26 on the launch platform ELA-3, in the Guiana Space Center.

On December 18, the satellite reached its test orbit, where it will stay for two months. Afterwards, it will be placed in its final orbit - 45 degrees east longitude. In early 2019, the satellite will be transferred to the management of Azercosmos and its commercial operation will begin.

2018 was marked by the creation of a center for the study and development of the cryptocurrency market and blockchain technology.

During the year, the Center regularly organized meetings, held discussions as part of which issues of regulation of the cryptocurrency market and blockchain technologies were touched upon, rendered advisory services, prepared proposals on issues of legal regulation of the industry.

The year was also marked by the transition to identity cards of a new generation, the issuance of which started on Sep. 1. IDs are issued to the Azerbaijani citizens in stages. Citizens who have received new IDs can independently activate the e-signature integrated into them.

Information and communication services worth 1,881.2 million manats were rendered for Azerbaijan's population and organizations in 2018, which is by 9.3 percent more than in 2017.

Some 72.6 percent of the total volume of information and communication services accounted for the services rendered to the population.

Some 82 percent of revenues received through the communication sector accounted for the non-state enterprises during the reporting period.

Mobile communication market

Some 868.5 million manats were obtained from the mobile communication services in Azerbaijan in 2018.

The revenues increased by 1.4 percent in the mobile communication sector in 2018 compared to 2017.

Moreover, almost 46.2 percent of revenues obtained from the entire telecommunications market accounted for the revenues of the mobile communication sector.

PC market

The sales of portable computers (laptops, netbooks) decreased by 5.8 percent in Azerbaijan in 2018, Global Stats statistical center said.

In late 2018, 52.6 percent accounted for the market share of laptops in Azerbaijan. This segment of the market decreased by 10.4 percent in 2018 compared to 2017.

According to the center, a 9.6 percent increase in desktop computer sales was observed in the country in 2018.

Thus, 45.6 percent accounted for the share of the desktop market in the country as of January 1, 2019, which is 18.2 percent more than in 2017.

Thus, 1.77 percent accounted for the market share of tablet computers. The figure decreased by 29.2 percent at this segment of the market in 2018. The market share decreased by 33.4 percent in 2018 compared to 2017.

e-signature

The Azerbaijani National Certification Services Center issued over 39,700 e-signature certificates in 2018, which is by almost 50 percent more than in 2017.

Over 15,200 of the total number of the issued e-signature certificates were issued to the state structures, 14,900 - to legal entities and about 9,600 - to individuals.

The total number of e-signature certificates since the moment of their issuance till January 1, 2019 reached 166,890 (91,206 e-signature certificates - for state institutions, 34,072 e-signature certificates - for individuals and 41,612 e-signature certificates - for legal entities).

In December 2018, the number of the issued e-signature certificates reached 3,146. Thus, 1,834 e-signature certificates were issued to the state structures, 828 e-signature certificates - to legal entities and 484 e-signature certificates - to individuals.

Moreover, the number of transactions carried out through e-signatures continues to grow. To date, the total number of authentication operations carried out by state structures through e-signature has exceeded 35.3 million times, by legal entities and individuals - more than 9.9 million times. The total number of operations carried out since the launch of the system exceeded 45.3 million times.

.az domain

In 2018, 31,210 Internet resources were registered in the '.az' domain zone, WHOIS said.

The number of Internet resources registered in the '.az' domain zone increased by 7.6 percent.

Some 27,104 websites of the total number of websites registered in the domain zone accounted for Internet resources registered in the first level, which is by 7.6 percent more than in early 2017.

The most popular second-level domain is '.com.az'. Meanwhile, 1,166 websites were registered in that domain (6.1-percent-growth). By popularity '.edu.az' with 367 websites ranks third.

In 2018, the number of the websites registered in the ".edu.az" domain increased by 14.3 percent.

The national zone ".az" officially began to operate on August 25, 1993. ".az" domain registration and the annual technical support cost 20 manats.

Social networks

Facebook users' activity in Azerbaijan increased by 23.4 percent in 2018, according to Global Stats center.

As of Jan. 1, 2019, Facebook's share in the Azerbaijani social media market amounted to 45.4 percent, which is by 27.3 percent more than in 2017. By popularity Facebook ranks first in the Azerbaijani social media market.

By popularity YouTube ranks second. YouTube users' activity decreased by 52.5 percent in 2018.

As of Jan. 1, 2019, YouTube's market share was 16.3 percent, which is by 42.4 percent less than in 2017.

By popularity Twitter ranks third with a market share of 11.3 percent as of Jan. 1, 2019 which is by 21.8 less than in 2017.

Twitter users' activity increased by 44 percent in 2018.

Pinterest with a market share of 9.4 percent ranks fourth followed by Instagram with a market share of 7.17 percent, Google+ - 6.69 percent, V Kontakte social network - 2.02 percent and others.

Agriculture in Azerbaijan

In 2018, agricultural production in Azerbaijan in actual prices amounted to 7.01 billion manats, which is 4.6 percent more than in 2017.

During the period, production in livestock sector increased by 2.7 percent (to 3.82 billion manats) and in the crop sector by 6.8 percent (to 3.19 billion manats).

As of early January, over 3.06 million tons of grain and legumes (excluding corn) were harvested.

Moreover, during the period, 247,900 tons of corn were harvested from a 31,700 hectare-territory.

In 2018, 898,900 tons of potatoes and 1,521,900 tons of vegetables (an increase of 8.3 percent over a year), as well as 401,900 tons of melons (a decrease of 8.2 percent), 1.01 million tons of fruits and berries (an increase of 5.9 percent), 167,600 tons of grapes (an increase of 9.6 percent), 868.6 tons of tea (an increase of 12 percent), 6,300 tons of tobacco (an increase of 18.8 percent) and 24,300 tons of sunflower (a decrease of 20.6 percent) were harvested.

	2018				2017		
	Planted area, 1,000 ha	Harvested area, 1,000 ha	Harvested crop, 1,000 tons	Yield per cent / ha	Harvested area, 1,000 ha	Harvested crop, 1,000 tons	Yield per cent / ha
Cereals and legumes	1 083,1	1 081,2	3 309,2	30,0	977,1	2 928,8	29,8
Wheat	679,1	677,9	2 042,9	30,1	596,1	1 818,7	30,5
Barley	337,2	337,2	942,0	27,9	318,5	815,0	25,6
Corn	31,7	31,7	247,9	57,7	35,7	235,7	60,9
Hulled rice	4,1	4,0	12,4	30,0	5,1	16,2	31,7
Other cereals	5,0	5,0	14,3	23,4	4,6	11,3	23,0
Legumes	26,0	25,4	49,7	19,3	17,1	31,9	18,5

Cotton	132,5	132,5	232,2	17,5	135,9	207,5	15,3
Sunflower	11,6	11,6	24,3	20,6	15,2	30,6	20,1
Sugar beet (for processin g)	8,6	8,6	299,4	350	13,8	435,0	316
Tobacco	3,4	3,3	6,3	19,0	3,2	5,3	16,6
Potato	59,3	59,3	898,9	149	58,8	913,9	150
Vegetable s	69,5	69,5	1 521,9	163	69,3	1 405,6	155
Melons and gourds	20,9	20,9	401,9	191	23,4	438,1	187
Fruits, berries	199,7	147,4	1 010,8	68,0	138,3	954,8	68,4
Grape	16,1	14,4	167,6	92,8	14,1	152,8	84,1
Green tea, tons	1,1	0,7	868,6	11,1	0,6	775,2	11,1

Source: State Statistics Committee

During the period, 556,600 tons of meat, 2,080,400 tons of milk, 1,674.7 million eggs and 1,674,700 tons of wool were produced in the country. Meat production increased 3 percent, milk by 2.8 percent, while egg production decreased by 2.3 percent and wool by 1.2 percent compared to 2017.

In January-December 2018, 514 tons of silkworm cocoons were produced in Azerbaijan, which is 2.1 times more than in January-December 2017. This is the highest index of silkworm cocoon production in Azerbaijan over the past 20 years.

Review of monetary sector in Azerbaijan

Currency reserves of the Central Bank of Azerbaijan (CBA) amounted to \$5,622.5 million by the end of December 2018, which is \$287.9 million (5.4 percent) more than in the same period of 2017.

CBA's reserves increased by \$31.6 million during December.

Currency reserves of CBA increased by \$1.36 billion or 34.2 percent in 2017.

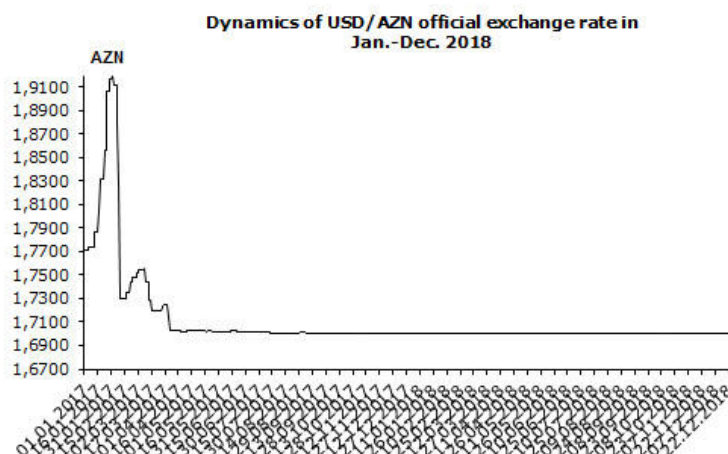
Currency market and manat rate

A fully floating exchange rate regime has been observed in Azerbaijan since early 2018. During this time the CBA did not resort to serious interventions to maintain the manat rate. First, there was a period of destabilization, which was connected with the expectations of the market participants. This led to a significant decrease in the cost of manat.

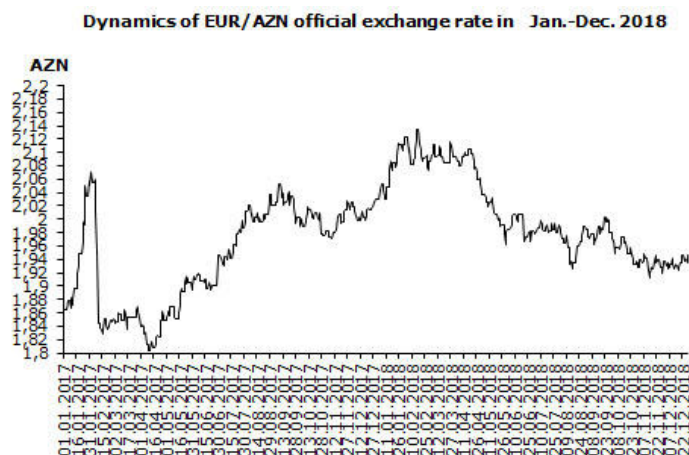
However, then the market itself settled the rate and it stabilized. Today, the foreign exchange market is a market of supply, rather than demand. The pressure is made to appreciate the manat rate. Taking into account Azerbaijan's strategic goals, appreciation of the manat in the medium term may create problems for the balance of payments, given the current measures to reduce imports and support exports.

AZN/USD rate has increased by 0.01 percent since March 2018.

AZN/USD average rate was 1.7 manat in 2018 which is similar with the rate in December 2018.



AZN/EUR average rate reached 1.9397 manats in late December 2018



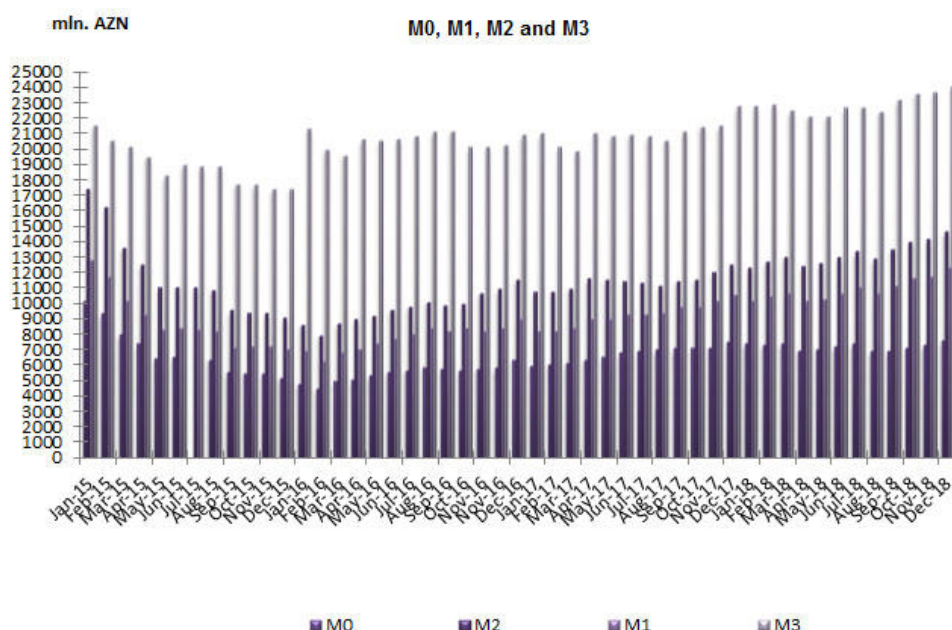
Azerbaijani monetary market

Money Supply (M2) increased in Azerbaijan by 17.5 percent and amounted to almost 14.64 billion manats as of late 2018 as compared to early 2018, Azerbaijan's Central Bank said.

Cash Money Supply (M0) increased 1.5 percent to 7.6 billion manats and Broad Money Supply (M3) increased 5.66 percent to 23.727 billion manats.

Transaction Money Supply (M1) increased 16.4 percent to 12.27 billion manats.

	December 2018, in million manats	December 2017, in million manats
Broad Money Supply (M3)	24,060.4	22,772.1
Money Supply (M2) in manat	14,643.6	12,466.4
Transaction Money Supply (M1)	12,274.6	10,544.2
Cash Money Supply (M0) in manat	7,601.4	7,490.3
Non-Cash Money Supply in manat	7,042.3	4,976.1



Azerbaijan's loan market

The Azerbaijani credit organizations increased lending by 10.74 percent up to 13,020.3 million manats in 2018 compared to 2017, the report of the Azerbaijani Central Bank said.

Since the beginning of 2018, the volume of overdue loans decreased by 2.56 percent to 1.585 million manats, the report reads. At the same time, the share of overdue loans decreased from 13.8 percent to 12.2 percent.

The loan portfolio of banks and non-bank credit organizations amounted to 11,757.8 million manats in 2017. As for the overdue loans, during 2017, the amount of overdue loans ranged from 1.6 to 1.78 billion manats.

The lending in national currency in early January 2019 amounted to 8,073.6 million manats (growth by 16.11 percent from the beginning of the year), and its share in the loan portfolio of banks amounted to 62.01 percent.

The volume of lending in foreign currency amounted to 4,946.7 million in manat equivalent (reduction by 2.97 percent from the beginning of the year) with a share of 37.99 percent in the loan portfolio of banks.

The volume of short-term loans amounted to 2,695.1 million manats, the volume of long-term loans - to 10,325.1 million manats.

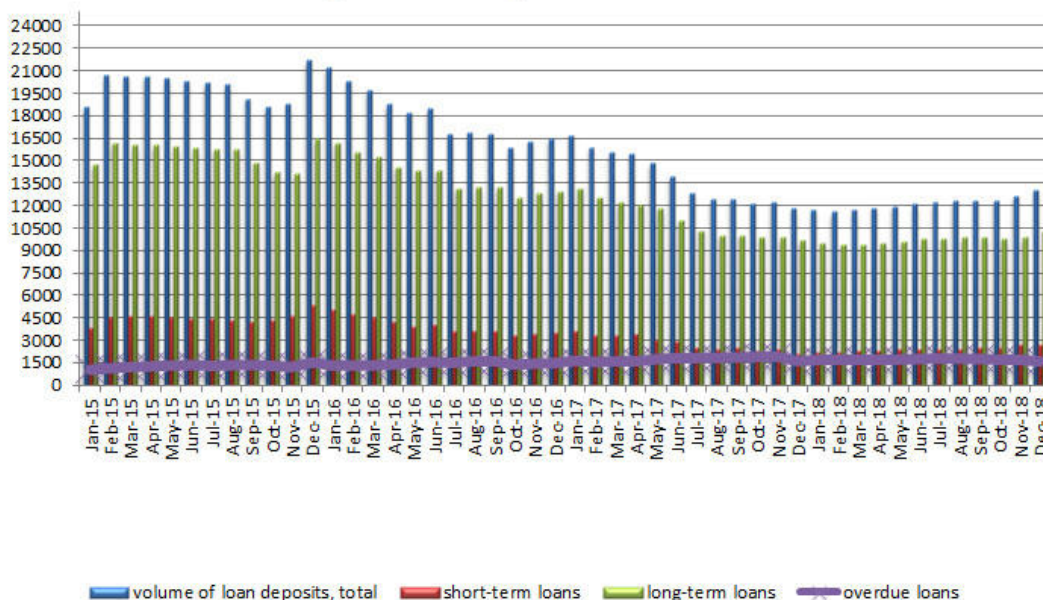
Distribution of the loan portfolio by sectors of the economy (as of late December 2018):

	Trade and services sector		Energy, chemistry and natural resources sector		Agriculture and processing		Construction and property		Industry and manufacturing sector		Transport and communications		Households	
	Volume of loans	Share (%)	Volume of loans	Share (%)	Volume of loans	Share (%)	Volume of loans	Share (%)	Volume of loans	Share (%)	Volume of loans	Share (%)	Volume of loans	Share (%)
Dec. 2018	2,379.5	18.3	419.2	3.2	470	3.6	388.8	3	706.6	5.4	1,370.7	10.5	5,319.6	40.9
Dec. 2017	2,069.2	17.6	315.5	2.7	429.2	3.7	546.2	4.6	621.2	5.3	1,126.7	9.6	4,606.5	39.2

Some 16.1 percent (2,098.4 million manats) of total lending in Azerbaijan accounted for the share of state-owned banks in the country, 80.9 percent (10,529.8 million manats) - the share of private banks, 3 percent (392 million manats) - the share of non-bank credit organizations.

Some 30 banks including two banks with public ownership and about 120 non-bank credit organizations operate in Azerbaijan.

Dynamics of loan deposits in banks, mln manat



In 2018, 2.33 billion manats were lent to the Azerbaijani regions, which is 17.68 percent more than in 2017, a report of the Central Bank of Azerbaijan (CBA) said.

Since early 2018, the share of regions in the total loan portfolio of banks increased from 16.9 to 17.9 percent.

According to CBA, loans worth 10.69 billion manats were issued in Baku by late December 2018, which is 4.6 times more than in the districts.

Distribution of loans by regions of Azerbaijan as of Jan. 1, 2019

Economic regions	Lending (in 1,000 manats)	Average interest rate
Absheron	509,410	16.5
Aran	575,725.2	23.3
Mountainous-Shirvan	60,463.9	23.7
Ganja-Gazakh	488,885.7	19.7
Guba-Khachmaz	164,456.1	20.6
Lankaran	212,817.7	22.2
Shaki-Zagatala	162,806.8	19.7
Upper-Karabakh	51,573.4	24.3
Kalbajar-Lachin	286.5	15.4
Nakhchivan	101,877.7	9.7

Mortgage lending

In 2018, banks issued loans worth 272.5 million manats through the state line, which is 34.2 percent more than in 2017.

In December 2018, banks issued mortgage loans worth 30.5 million manats through the Azerbaijan Mortgage and Credit Guarantee Fund CJSC.

For the year, 100 million manats were transferred from the state budget to the fund in February and September 2018, while 50 million manats for 2017.

According to the CBA report, in December 2018, the volume of refinancing of loans issued by banks earlier amounted to 23 million manats.

The average monthly amount of the loan issued by the fund's authorized banks was 49,128.5 manats in December 2018 (45,043.3 manats in December 2017). The average period of the

loan is 281 months (unchanged compared to November 2017). The average annual interest rate is 6.55 percent (6.63 percent in 2017). The average monthly amount for payments is 347.3 manats (321.7 manats in 2017).

In general, the fund's authorized lending institutions have issued 25,201 mortgage loans worth over 1.2 billion manats since 2006 and up till now.

The authorized banks of the Azerbaijan Mortgage and Credit Guarantee Fund CJSC are 25 banks (mortgage lending), 10 banks (credit guarantee), as well as 17 insurance companies and 13 appraisal organizations.

Azerbaijan's banking sector

The volume of deposits of legal entities and individuals in Azerbaijani banks in 2018 amounted to 21.87 billion manats, which is 6.17 percent more than in 2017.

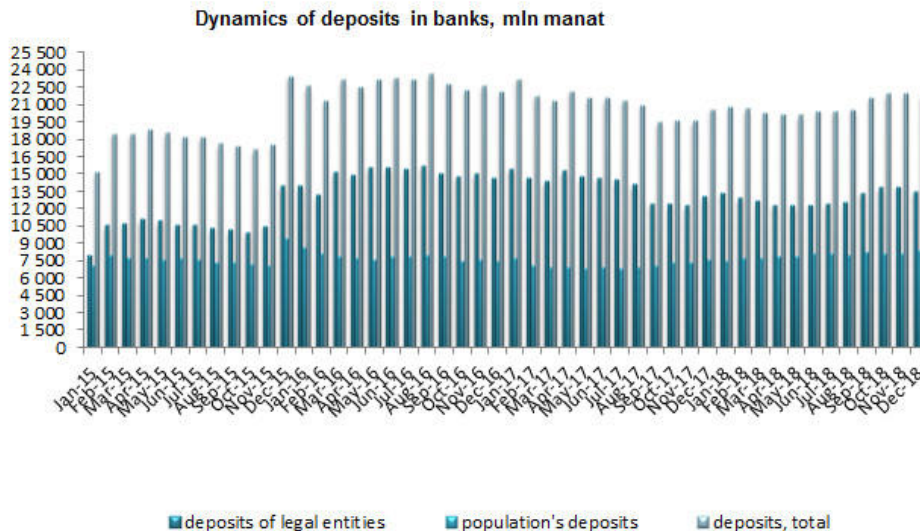
In 2018, the volume of deposits of individuals amounted to 8.38 billion manats, including 5.23 billion in foreign currency.

The volume of deposits of legal entities in the country's banks amounted to nearly 13.5 billion manats, increasing by 3.5 percent for the year.

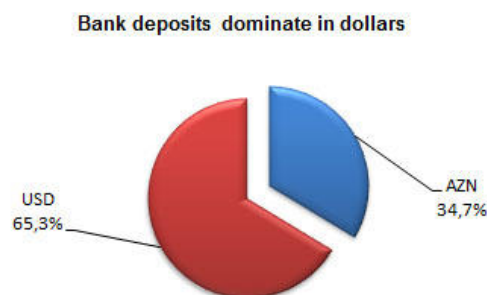
Deposits of financial organizations amounted to 1.5 billion manats, of which 72.85 percent were placed in foreign currency.

In early 2019, deposits of non-financial organizations amounted to 11.9 billion manats, which is 7.6 percent more than in 2018.

Deposits in national currency in early January 2019 amounted to 7.58 billion manats (34.7 percent of all deposits), in foreign currency - 14.3 billion manats



Deposits in national currency in early January 2019 amounted to 7.58 billion manats (34.7 percent of all deposits), in foreign currency - 14.3 billion manats (65.3 percent).



As of late November 2018, population's bank deposits in Azerbaijani districts totaled 662.993 million manats, which is 17.65 percent more compared to the early 2018, a report of the Central Bank of Azerbaijan (CBA) said.

The share of Azerbaijani districts made up 8.21 percent in the total volume of all bank deposits in the country in late November 2018.

Around 76.94 percent (510.101 million manats) of all deposits in the country's districts account for savings in the national currency.

In late November 2018 in Baku, the volume of deposits amounted to 7.4 billion manats, including 2.5 billion manats in national currency.

In November 2018, the average annual interest rate on loans was 3.9 percent in the country's regions and 3.8 percent in Baku.

Bank deposits in Azerbaijani districts (as of late November 2018):

Economic regions	Deposits (1,000 manats)	Average interest rate (%)
Absheron	191,478.4	5.9
Aran	123,345.7	3.8
Mountainous Shirvan	15,437.4	5.4
Ganja-Gazakh	139,212.3	5.3
Guba-Khachmaz	53,054.8	5.9
Lankaran	50,905.4	5.5
Shaki-Zagatala	39,665.4	3.5
Upper-Karabakh	12,502	3
Kalbajar-Lachin	0	0
Nakhchivan	37,391.9	1.8

As of December 2018, the capitalization of the Azerbaijani banking sector has increased by 9.78 percent, reaching 4.071 billion manats, Azerbaijan's Financial Market Supervisory Authority (FIMSA) said.

The total assets of the banks have increased by 5.66 percent to 29.502 billion manats since early 2018. During the reporting period, the banks had the cash money worth about 1.364 billion manats. The total sum of the funds deposited in correspondent accounts in the Central Bank amounted to 2.333 billion manats. The amount of funds deposited in nostro accounts (accounts in other banks) reached almost 1.959 billion manats.

The banks' investments in securities reached 3.587 billion manats (an increase of 43.54 percent since the beginning of the year).

Since the beginning of the year, the banks increased lending by 11.38 percent and by the end of December, the total loan portfolio of banks amounted to 12.628 billion manats. The reserves worth 1.479 billion manats were created on these loans.

The total liabilities of the country's banking sector increased by 5.03 percent to 25.431 billion manats. The biggest share of liabilities accounted for deposits - 73.06 percent or 18.581 billion manats (9.98-percent-growth since the beginning of the year). The volume of deposits of individuals amounted to 8.27 billion manats, legal entities - 10.31 billion manats.

The liabilities of banks to the Central Bank decreased from 507.6 million manats to 384.7 million manats.

The net profit of the banking sector amounted to 883.6 million manats in 2018. The profit was formed through interest income worth 1.775 billion manats (including 1.283 million manats - loan interest income) and non-interest income worth 938.5 million manats. The interest expenses of banks amounted to 824.9 million manats, including the payment of interest on deposits - 373.4 million manats, non-interest expenses - 980.6 million manats.

The operating profit of the banks has amounted to 908.2 million manats.

During the reporting period, the banks also paid 55.1 million manats as a profit tax.

Thirty banks including two state banks operate in Azerbaijan.

Payment card market

In 2018, the turnover of payment cards through ATMs and POS-terminals in Azerbaijan amounted to 1.84 billion manats, which is 18.76 percent more than in 2017, reads the report of the Central Bank of Azerbaijan.

The total number of transactions with payment cards in 2018 made up 11.69 million (an increase of 23.72 percent) in the amount of 1.836 billion manats, including 900,000 transactions worth 91 million manats carried out outside Azerbaijan.

The number of operations on debit cards [both inside and outside the country] equaled to 10.41 million in the amount of 1.68 billion manats, of which almost 6.29 million operations in the amount of 1.31 billion manats were carried out through ATMs inside the country, and 1.265 million operations in the amount of 169 million manats - through POS-terminals.

In 2018, the banks' customers carried out via credit cards [both inside and outside the country] 1,29 million operations totaling 153 million manats. Over 378,000 operations amounting to 63 million manats were carried out with the help of ATMs inside the country, and 446,000 operations amounting to 38 million manats with the help of POS-terminals inside the country.

Number of payment cards, ATMs and POS-terminals

At the end of December 2018, the number of payment cards increased by 12.24 percent to 6.51 million compared to the beginning of 2018.

Most of the cards - 5.651 million - refers to debit cards, in particular, 2.522 million - to social cards, 2.04 million - to payroll cards, and 1.089 million - to other types of cards. The number of credit cards for this period amounted to 860,000.

As of January 1, 2019, there were 2,502 ATMs in the country, of which 1,329 are in Baku, 1,173 are in other cities and regions of the country. Since the beginning of 2018, the total number of ATMs increased by 71, or 2.92 percent.

The number of POS-terminals in the country amounted to 66,110, of which 38,962 were installed in Baku, 27,148 were installed in other cities and regions of the country.

Since the beginning of 2018, the number of POS terminals in Azerbaijan increased by 639, or 0.98 percent.

Volume of transactions in ATMs and POS-terminals

In December 2018, for 1,000 people in Azerbaijan, there were four ATMs and 0.15 POS-terminal.

On average, 2,666.4 transactions amounting to 547,946 manats accounted for the share of one ATM in December. The amount of one transaction accounting for one ATM amounted to 205.5 manats.

On average, 25.9 transactions in the amount of 3,123.2 manats accounted for one POS terminal during the reporting period. The amount of one POS terminal transaction was 120.7 manats.

Foreign trade of Azerbaijan

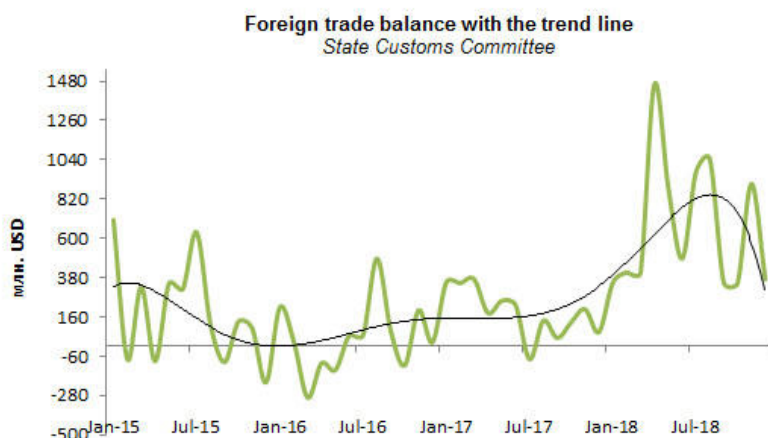
The foreign trade turnover with 185 countries amounted to \$30.92 billion in January-December 2018 or by almost 36.87 percent more than in January-December 2017.

The volume of export increased by 40.91 percent and amounted to \$19.46 billion in January-December 2018 compared to the same period of 2017.

The volume of import reached \$11.46 billion in January-December 2018 which is 30.5 percent more than in the same period of 2017.

Azerbaijan exported 3,088 goods and imported 7,566 different goods.

The black ink of foreign trade balance was estimated at over \$7.99 billion in January-December 2018, which is by 58.88 percent more than in the same period of 2017 (\$5.03 billion).



As in previous periods, oil, gas and oil products were mainly exported from Azerbaijan in January-December 2018.

Main products exported from Azerbaijan

Products	Jan.-Dec. 2018		
	Quantity	cost, \$1,000	Share in export volume, %
Crude oil, tons	29 498 337,08	15 719 482,37	80,78

Oil products (2710 by commodity code), tons	1 015 118,06	520 600,68	2,68
Natural gas, 1,000 cubic meters	7 900 012,99	1 499 385,84	7,71
Electricity, 1,000 kW / hour	1 397 323,76	65 627,72	0,34
Fruits and vegetables, tons	621 028,28	559 627,74	2,88
Tea, tons	1 367,02	9 373,92	0,05
Animal fat and vegetable oil, tons	17 325,94	16 861,91	0,09
Sugar, tons	44 093,13	24 974,71	0,13
Spirits and soft drinks, \$1,000	-	16 249,29	0,08
Chemical products, tons	262 632,00	78 106,87	0,40
Plastic, tons	159 688,77	118 592,77	0,61
Cotton fiber, tons	54 314,15	80 464,70	0,41
Cotton yarn, tons	9 488,50	23 667,78	0,12
Ferrous metals, tons	127 647,70	86 248,46	0,44
Aluminum and aluminum products, tons	49 458,24	112 233,69	0,58
Others	29 498 337,08	15 719 482,37	80,78

Source: Azerbaijani state customs committee

Growth was observed in almost all main types of products exported from Azerbaijan in January-December 2018.

Most of Azerbaijan's exports (80.78 percent) accounted for the export of crude oil. During the reporting period, the country exported oil worth \$15.71 billion.

Currently, SOCAR supplies oil from Azerbaijan to more than 30 countries in Europe, Asia and America.

According to the Azerbaijani State Customs Committee, the export of oil products from Azerbaijan increased from year to year.

The export of oil products amounted to \$520.60 million in January-December 2018.

Some 2.68 percent of the country's total export volume accounted for the export of oil products in January-December 2018.

The positive dynamics is also observed in the volume of electricity exports in January-December 2018. Despite 0.34 percent accounted for electricity in Azerbaijan's total exports, 1.39 billion kW / h of electricity was sold to foreign countries.

An increase in the export of alcoholic and non-alcoholic beverages was observed in Azerbaijan, which was the result of state support for encouraging the best domestic producers to export their products, especially wines, under 'Made in Azerbaijan' brand to the foreign markets.

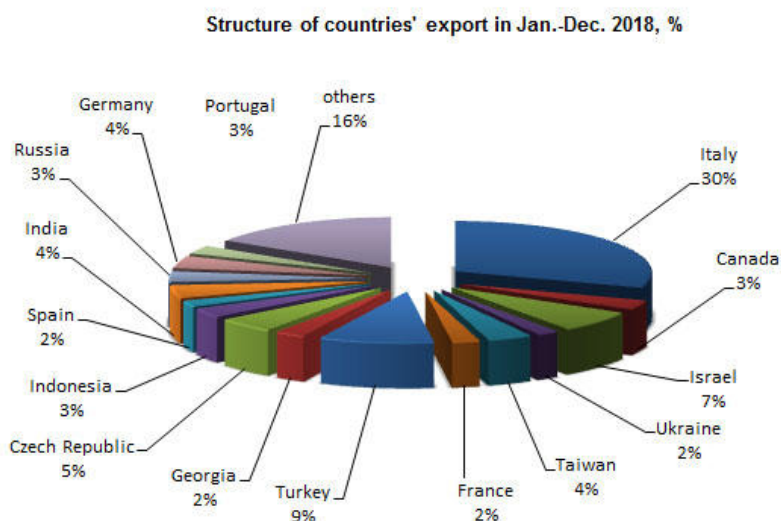
So, the country exported alcoholic and non-alcoholic beverages worth 16.24 million manat in January-December 2018 (share in total exports - 0.08 percent).

The volume of exports of fruits and vegetables which are the basis of agricultural exports of Azerbaijan continues to increase.

The exports of Azerbaijani agricultural products increased by 13.12 percent and reached 621.02 million tons in January-December 2018 compared to the same period of 2017.

Tomatoes and cucumbers, as well as walnuts and hazelnuts, cotton, tobacco are exported in big volumes from Azerbaijan.

Agrarian products were exported to Russia, as well as to Ukraine, Kazakhstan and other countries.



The biggest volume of export accounted for Italy in January-December 2018. Thus, during this period, Azerbaijan exported goods totaling \$5.87 billion to Italy which makes up 30.22 percent of a total export volume. Oil and oil products are mainly exported to this country.

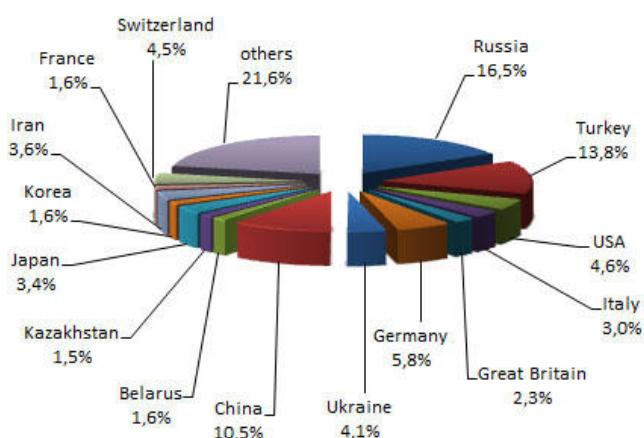
Turkey (\$1.82 billion) and Israel \$1.31 billion) hold leading positions. Italy has maintained its leading position since 2008 excluding early three months. Turkey took a lead in January and U.S. in February and March 2008.

Italy and Azerbaijan have excellent bilateral and economic ties. Italy has remained the main trading partner of Azerbaijan, the fourth exporter and the first energy consumer for nine years. As for other sectors, Italy is also represented well in the metallurgical sector of Azerbaijan. The recent agreement signed between Danieli and Baku Steel Company testifies to it. Italian products are valued in Azerbaijan and it concerns not only fashion, furniture, food but also the products in such sectors as mechanics, engineering and technology.

Russia ranks first in terms of the biggest import volume (\$1.88 billion) in January-December 2018. Some 16.44 percent of the Azerbaijani imports accounted for Russia. Turkey ranks second - \$1.57 billion and China - third (\$1.19 billion).

Structure of countries' import in Jan.-Dec. 2018

Source: State Customs Committee



Most of Azerbaijan's imports or 22.58 percent in the reporting period accounted for the import of machinery, mechanisms, equipment, electrical equipment and spare parts. The machinery and equipment worth \$2.58 billion were imported in January-December 2018.

In 2018, Azerbaijan imported 28,876 vehicles, which is 2.2 times more than in 2017, the Azerbaijani State Customs Committee said.

Of the total number of vehicles imported in 2018, 26,147 are cars and motor vehicles. This figure increased by 2.3 times for the year.

Import of ferrous metals has strengthened in the country's foreign trade for the year. The share of these products in the total volume of imports in January-December 2018 was 10.83 percent, in nominal terms this amount was \$1.20 billion, which is 14.09 percent more than in January-December 2017.

During the reporting period, imports of plastics greatly increased. The cost of imports of plastics increased by 7 percent in January-December 2018 compared to January-December 2017. The share in the volume of imports amounted to 3.21 percent.

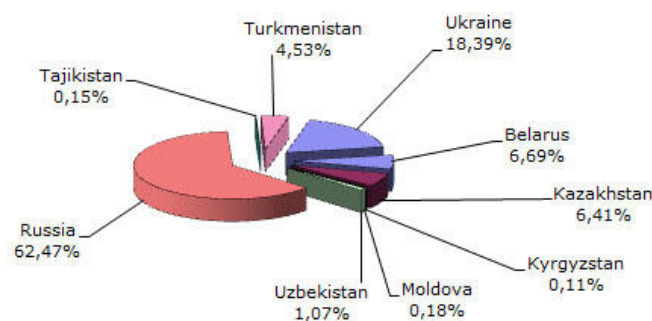
Main products imported to Azerbaijan

Products	Jan.-Dec. 2018		
	Quantity	cost (\$1,000)	Import volume share, %
Meat, tons	47 399,29	70 075,00	0,61
Milk, tons	9 511,43	12 652,50	0,11
Butter, tons	12 115,34	69 690,03	0,61
Fruits, vegetables, tons	303 022,48	164 592,01	1,44
Tea, tons	12 957,77	49 807,33	0,43
Grain, tons	1 080 905,51	205 967,01	1,80
Animal fat and vegetable oil, tons	154 305,74	140 885,48	1,23
Sugar, tons	238 773,05	86 528,40	0,75
Tobacco, \$1,000	-	165 777,85	1,45
Cement, tons	41 532,19	9 799,48	0,09
Pharmaceutical products, tons	16 933,78	290 184,22	2,53
Plastic, tons	194 265,08	368 074,02	3,21
Wood and wooden	-	296 891,37	2,59

items, \$1,000			
Ferrous materials, tons	918 274,58	1 202 078,38	10,48
Machines, mechanisms, electrical goods, equipment, \$1,000	-	2 588 935,26	22,58
Vehicles and car parts, \$1,000	-	945 477,48	8,25
Furniture and its parts, \$1,000	-	105 600,33	0,92
Others	-	4 121 555,62	35,95

source: Azerbaijani state customs committee

Foreign trade turnover with CIS countries in Jan.-Dec. 2018



During the reporting period, 25,123 legal entities and individuals (7,392 - legal entities and 17,731 - individuals) participated in the foreign economic activity as a whole.

The share of public sector in exports totaled \$13.5 billion (69.38 percent), private sector - \$5.87 billion (30.17 percent), the share of physical entities - \$88.5 million.

The share of the public sector in import operations amounted to \$2.64 billion, private sector - \$8.14 billion, individuals - \$686.8 million.

Azerbaijan's trade operations with foreign countries in Jan.-Dec. 2018

Country	Export, \$1,000	Export volume share, %	Import, \$1,000	Import volume share, %
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Total	19 458 632,51	100,00	11 464 970,08	100,00
Including				
European countries, total:	10 579 024,14	54,37	2 328 676,89	20,31
Austria	329 754,90	1,69	66 827,91	0,58
Belgium	9 204,21	0,05	56 196,06	0,49
Bulgaria	39 475,62	0,20	26 408,98	0,23
Great Britain	261 456,00	1,34	263 718,56	2,30
Hungary	1 463,68	0,01	65 942,55	0,58
Germany	780 847,43	4,01	659 912,85	5,76
Greece	161 147,15	0,83	9 490,44	0,08
Denmark	839,82	0,00	25 361,18	0,22
Ireland	10 015,88	0,05	19 702,81	0,17
Spain	396 368,11	2,04	82 960,57	0,72
Italy	5 879 775,32	30,22	340 085,76	2,97
Cyprus	833,18	0,00	809,87	0,01
Latvia	2 510,87	0,01	19 875,25	0,17
Lithuania	1 956,17	0,01	20 106,06	0,18
Luxemburg	43 858,10	0,23	3 839,15	0,03
Malta	69 721,38	0,36	107,20	0,00
Netherlands	77 982,77	0,40	103 849,00	0,91
Poland	7 894,79	0,04	96 112,21	0,84
Portugal	528 717,60	2,72	15 510,80	0,14
Romania	338 160,80	1,74	50 807,97	0,44
Slovakia	47,24	0,00	30 120,11	0,26
Slovenia	8 332,38	0,04	15 375,47	0,13
Finland	617,35	0,00	29 331,85	0,26
France	441 672,09	2,27	183 050,05	1,60

Croatia	245 843,96	1,26	1 928,31	0,02
Czech Republic	938 384,00	4,82	107 418,02	0,94
Sweden	828,83	0,00	30 087,74	0,26
Estonia	1 314,51	0,01	3 740,14	0,03
Other countries, total:	7 741 391,34	39,78	6 274 153,52	54,72
Åland Islands	0,00	0,00	0,05	0,00
Albania	0,00	0,00	540,59	0,00
Algeria	8,57	0,00	1 417,58	0,01
Australia	429,95	0,00	4 089,34	0,04
Anguilla	0,00	0,00	99,37	0,00
Angola	89,18	0,00	2,77	0,00
Andorra	0,00	0,00	0,19	0,00
Aomin (Macao)	0,00	0,00	0,01	0,00
Argentina	20,27	0,00	23 932,29	0,21
Aruba	45,09	0,00	0,00	0,00
Afghanistan	71 537,94	0,37	1,60	0,00
Bangladesh	484,33	0,00	12 093,54	0,11
Barbados	0,00	0,00	0,06	0,00
Bahrain	330,63	0,00	374,99	0,00
Bolivia	4,48	0,00	1,95	0,00
Belize	0,00	0,00	2,29	0,00
the Bermuda Islands	43,14	0,00	38 589,71	0,34
Bonaire, Sint Eustatius and Sab a	0,00	0,00	0,63	0,00
Bosnia and Herzegovina	0,00	0,00	818,10	0,01

Brazil	1 164,72	0,01	169 719,53	1,48
Brunei Darussalam	64,20	0,00	0,00	0,00
Burkina Faso	0,00	0,00	0,14	0,00
Vanuatu	0,00	0,00	0,74	0,00
Venezuela	2,25	0,00	0,00	0,00
Virgin Islands (US)	0,00	0,00	0,06	0,00
Vietnam	74 881,25	0,38	66 578,26	0,58
Gabon	86,53	0,00	21,56	0,00
Ghana	38,55	0,00	5,87	0,00
Guadeloupe (France)	0,00	0,00	1,58	0,00
Guatemala	0,00	0,00	245,91	0,00
Guyane (France)	0,00	0,00	108,86	0,00
Guinea-Bissau	0,00	0,00	0,11	0,00
Guernsey	0,00	0,00	0,35	0,00
La Gomera	0,00	0,00	17,17	0,00
Honduras	0,00	0,00	63,00	0,00
Hong Kong	2 481,34	0,01	1 749,92	0,02
Greenland	0,00	0,00	770,26	0,01
Georgia	485 346,62	2,49	94 094,08	0,82
Guam	0,00	0,00	1,87	0,00
Jabaliya	126 097,36	0,65	0,03	0,00
Dominique	0,00	0,00	0,06	0,00
The Dominican Republic	0,00	0,00	48,40	0,00
Egypt	318,17	0,00	7 035,63	0,06
Zambia	0,00	0,00	6,90	0,00
Zimbabwe	0,00	0,00	774,73	0,01

Israel	1 310 824,50	6,74	23 905,33	0,21
Yemen	0,00	0,00	0,00	0,00
India	819 538,34	4,21	102 939,36	0,90
Indonesia	597 517,39	3,07	55 793,59	0,49
Jordan	1 448,22	0,01	5 598,94	0,05
Iraq	14 495,34	0,07	222,43	0,00
Iran	31 231,72	0,16	414 801,00	3,62
Iceland	14,00	0,00	1 407,77	0,01
Cape Verde	0,00	0,00	11,85	0,00
Caicos Islands	0,00	0,00	67,24	0,00
Cayman Islands	0,00	0,00	3,90	0,00
Cambodia	0,00	0,00	3 384,16	0,03
Cameroon	1,36	0,00	40,48	0,00
Canada	601 175,99	3,09	162 409,12	1,42
Qatar	3 325,41	0,02	283,41	0,00
Congo	20,80	0,00	50,66	0,00
Kenya	0,00	0,00	1 047,44	0,01
China	113 573,46	0,58	1 196 673,46	10,44
Columbia	77,54	0,00	656,49	0,01
Korea	0,00	0,00	118,81	0,00
Republic of Korea	124,26	0,00	226 639,52	1,98
Costa-Rica	0,00	0,00	1 330,87	0,01
Côte d'Ivoire	0,00	0,00	87,64	0,00
Cuba	0,01	0,00	167,52	0,00
Curacao	0,00	0,00	11,87	0,00
Kuwait	619,88	0,00	1 238,70	0,01
Laos	0,00	0,00	70,85	0,00
Liberia	0,00	0,00	0,01	0,00

Liechtenstein	0,00	0,00	40,20	0,00
Lebanon	14 193,91	0,07	610,08	0,01
Mauritius	0,00	0,00	133,11	0,00
Mauritania	6,00	0,00	76,68	0,00
Madagascar	0,00	0,00	413,74	0,00
Macedonia	27,83	0,00	837,42	0,01
Malaysia	769,31	0,00	58 590,79	0,51
The Maldives	5,29	0,00	0,00	0,00
Morocco	0,38	0,00	4 445,72	0,04
Mariana Islands	0,00	0,00	0,06	0,00
Martinique	0,00	0,00	0,20	0,00
Mexico	148,39	0,00	26 056,92	0,23
Isle of Man	223,81	0,00	0,00	0,00
Mozambique	0,00	0,00	6,92	0,00
Monaco	2,35	0,00	82,53	0,00
Mongolia	74,50	0,00	0,00	0,00
Montenegro	0,00	0,00	31,23	0,00
Myanmar	167,00	0,00	1 028,83	0,01
Nepal	0,00	0,00	58,94	0,00
Niger	0,00	0,00	24,12	0,00
Nigeria	130,52	0,00	42,33	0,00
Nicaragua	0,00	0,00	6,06	0,00
Niue (New Zealand)	0,00	0,00	20,10	0,00
New Zealand	119,74	0,00	44 341,06	0,39
Norway	2 841,56	0,01	104 683,07	0,91
United Arab Emirates (UAE)	22 103,83	0,11	32 290,82	0,28
Oman	605,65	0,00	2 560,59	0,02

Pakistan	808,13	0,00	10 358,22	0,09
Palestine	0,00	0,00	207,17	0,00
Panama	0,00	0,00	0,95	0,00
Papua New Guinea	10,10	0,00	1,41	0,00
Paraguay	0,00	0,00	602,76	0,01
Peru	2,37	0,00	1 043,26	0,01
Pitcairn Island	0,00	0,00	0,33	0,00
Puerto Rico (USA)	0,00	0,00	62,90	0,00
Rwanda	0,00	0,00	1,46	0,00
El Salvador	0,00	0,00	11,29	0,00
American Samoa	0,00	0,00	19,37	0,00
San Marino	0,00	0,00	539,73	0,00
São Tomé and Príncipe	0,00	0,00	0,27	0,00
Saudi Arabia	861,23	0,00	18 170,29	0,16
Swaziland	0,00	0,00	13,76	0,00
Saint-Martin	0,00	0,00	7,69	0,00
Senegal	0,00	0,00	0,19	0,00
Serbia	31,39	0,00	5 510,57	0,05
the Seychelles	0,81	0,00	4,55	0,00
Singapore	6 621,65	0,03	24 309,56	0,21
Sudan	2,97	0,00	73,54	0,00
Suriname	0,00	0,00	0,24	0,00
Syria	7,35	0,00	227,22	0,00
Solomon Islands	0,00	0,00	0,10	0,00
United States of America (USA)	331 458,66	1,70	527 168,89	4,60
Sierra Leone	0,00	0,00	3,92	0,00

Tanzania	0,00	0,00	396,30	0,00
Taiwan	714 186,05	3,67	19 874,16	0,17
Thailand	142 054,01	0,73	42 130,70	0,37
Timor-Leste	0,00	0,00	0,11	0,00
Tokelau	0,00	0,00	0,00	0,00
Trinidad and Tobago	34,40	0,00	39,95	0,00
Tunisia	192 087,90	0,99	2 995,29	0,03
Turkey	1 825 981,48	9,38	1 576 864,61	13,75
Uganda	0,00	0,00	15,25	0,00
Uruguay	81 077,61	0,42	203,94	0,00
Faeroe Islands	0,00	0,00	207,67	0,00
<i>Fiji Islands</i>	0,00	0,00	19,64	0,00
Philippines	34,11	0,00	2 904,82	0,03
Central African Republic	0,00	0,00	0,19	0,00
Chad	0,22	0,00	0,19	0,00
Chile	269,02	0,00	2 973,34	0,03
Switzerland	135 440,08	0,70	512 947,93	4,47
Sri-Lanka	0,00	0,00	46 818,14	0,41
Ecuador	18,98	0,00	31 546,19	0,28
Equatorial Guinea	0,49	0,00	0,00	0,00
Eritrea	0,00	0,00	209,78	0,00
Ethiopia	0,00	0,00	476,37	0,00
South African Republic	8,65	0,00	162 745,64	1,42
Jamaica	0,00	0,00	0,00	0,00
Japan	10 021,21	0,05	383 889,66	3,35

others	1 489,60	0,01	0,00	0,00
CIS countries, total:	1 138 217,03	5,85	2 862 139,67	24,96
Belarus	22 902,84	0,12	180 762,68	1,58
Kazakhstan	46 644,27	0,24	174 145,05	1,52
Kyrgyzstan	4 033,56	0,02	2 049,17	0,02
Moldova	471,99	0,00	6 216,85	0,05
Uzbekistan	9 351,13	0,05	34 597,28	0,30
Russia	665 741,42	3,42	1 885 164,65	16,44
Tajikistan	6 533,80	0,03	53,40	0,00
Turkmenistan	23 799,58	0,12	109 352,34	0,95
Ukraine	358 738,44	1,84	469 798,26	4,10

source: Azerbaijani state customs committee

Public budget of Azerbaijan

Azerbaijan's state budget revenues reached 22,411.2 million manats in January-December 2018, which is 35.7 percent more than in January-December 2017, while expenses - 22,718.9 million manats, which is 29.1 percent more than in the same period of 2017, the country's finance ministry said.

During the reporting period, the Azerbaijani state budget was executed with a deficit of 307.7 million manats and reached 643.4 million manats below the upper limit.

Execution of state budget in January-December 2018

	Jan.-Dec. 2018, mln manats	Jan-Dec. 2018 compared to Jan.-Dec. 2017, %	Jan.-Dec. 2017 compared to Jan.-Dec. 2016, %
Income - total	22,411.2	135.7	94.4
Expenses - total:	22,718.9	129.1	99.1
Deficit	307.7		

Source: State Statistics Committee and Finance Ministry

The state budget revenues from the Azerbaijani Ministry of Taxes amounted to 7,417.6 million manats, which means the fulfilment of the forecast by 100.5 percent. Thus, 67.1 percent (4,975.5 million manats) accounted for revenues from Azerbaijan's non-oil sector.

The state budget revenues from the Azerbaijani State Customs Committee amounted to 3,434.4 million manats. The forecast was fulfilled at 107.6 percent.

The State Oil Fund of Azerbaijan (SOFAZ) transferred 10.959 million manats to the country's budget.

Revenues obtained through the paid services of budget organizations amounted to 466.4 million manats, other revenues to the state budget - 134.3 million manats.

In October-December 2018, the state budget revenues amounted to 6,320.7 million manats.

The state budget expenditures in 2018 reached 22,718.4 million manats or 98.4 percent.

In 2018, 50.8 percent or 11,549.8 million manats accounted for current expenses, 39.4 percent or 8,941.9 million manats - capital expenditure, 9.8 percent or 2,227.2 million manats - public debt and liabilities in the structure of state budget expenditures.

In 2018, 31.7 percent or 7,196.6 million manats from the budget expenditure was spent to finance the wage fund, pensions and social benefits, medicines and food, which is 505.9 million manats or 7.6 percent more than in 2017.

Review of construction sector in Azerbaijan

Most of construction work accounted for primary construction, reconstruction and expansion in January-December 2018, the Azerbaijani State Statistics Committee said.

Some 63.7 percent of the total volume of construction work accounted for primary construction, reconstruction and expansion, 9.4 percent - overhaul, 7.7 percent - current repair and 19.2 percent - other construction work.

Some 80.2 percent of the total volume of construction work was carried out by non-state construction companies.

Real estate market

According to the State Committee for Urban Planning and Architecture, the number of the commissioned residential buildings has increased in Azerbaijan. In 2018, 2,084,700 square meters of total area was built and put into operation or 3.3 percent more new residential buildings compared to 2017.

The international organizations and leading rating agencies focus on the positive changes created in Azerbaijan in the construction sector for the development of entrepreneurship.

Thus, according to the Doing Business 2019 report disseminated by the World Bank in 2018, Azerbaijan entered the list of the ten most reforming countries in the world and jumped 100 places in connection with the indicator "Obtaining construction permits".

The mortgage loans worth 272.5 million manats were issued in Azerbaijan in 2018, which is 34.2 percent more than in 2017.

In December 2018, Azerbaijani banks issued mortgage loans worth 30.5 million manats through the Azerbaijan Mortgage and Credit Guarantee Fund.

In 2018, 100 million manats was allocated from the state budget to the fund [in February and September 2018], while in 2017 - 50 million manats.

According to the report, the volume of refinancing loans issued by the banks earlier amounted to 23 million manats in December.

The average monthly loan issued by the authorized banks of the fund reached 49,112.5 manats in December (in December 2017, the figure was 45,043.3 manats), the average loan

disbursement period - 281 months (unchanged compared to November 2017), the average annual interest rate is 6.55 percent (6.63 percent a year earlier), the average monthly payment is 347.3 manats (321.7 manats).

The process of selling 174 apartments completed in the Yasamal residential complex of the State Housing Construction Agency in Baku in 2018.

The apartments put up for sale were chosen through the social housing system through the e-government portal www.e-gov.az.

Some 10,242 people have "e-cabinet" in the "Social housing" system.

Some 4,542 people were choosing the apartments during the previous sale process, 5,909 people have been recently choosing 174 apartments.

According to the "MBA Group" consulting company, the price of land plots in Baku decreased by 2.12 percent in December 2017. But in general, land plots increased by 5.88 percent in 2018.

Building materials market

The total value of building materials output in Azerbaijan reached 632.3 million manats in 2018, which is 26.3 percent more than in 2017, the State Statistics Committee of Azerbaijan said.

The highest growth was recorded in the production of asphalt (twice), concrete mix (78.6 percent), processed marble, travertine, alabaster and products made from them (48.9 percent).

The biggest decrease was observed in the production of fiberglass (-54.4 percent) and plaster (-51.1 percent).

Building materials	Building materials produced in 2018	Change compared to 2017 (%)	Building materials in warehouses as of Jan. 1, 2019
Cement (1,000 tons)	3,444.8	112.3	109.7
Fiberglass (tons)	390.8	45.6	-
Building plaster (1,000 tons)	40.8	48.9	0.6
Building limestone (1,000 tons)	30.8	103.4	0.8
Building blocks and bricks (1,000 tons)	74.4	77.2	4.6
Precast concrete structures (1,000 cubic	108.0	74.7	4.2

meters)			
Asphalt (1,000 tons)	290.2	Two times increase	-
Building bricks (1,000 cubic meters)	343.5	114.9	16.5
Concrete mix (1,000 tons)	1,408.2	178.6	-
Processed marble, travertine, alabaster and products made from them (tons)	33,728.5	149.8	365.0

Social sector in Azerbaijan

Population's income

According to the Azerbaijani State Statistics Committee, the nominal income of the population totaled 53.68 billion manat in January-December 2018, which is by 9.2 percent more compared to January-December 2017.

Thus, the nominal income of the population per capita increased by 8.2 percent and reached 5,467.4 manat during the reporting period or 455.6 manat for the month.

Major indices, characterizing income of the population

Indices	Jan.-Dec. 2018	Compared to Jan.-Dec. 2017, %
Nominal income of population, in mln manat	53,688.6	109.2
Income per capita, manat	5,467.4	108.2
Income of population, in mln manat	49,595.5	109.4
Income per capita, manat	5,050.6	108.4

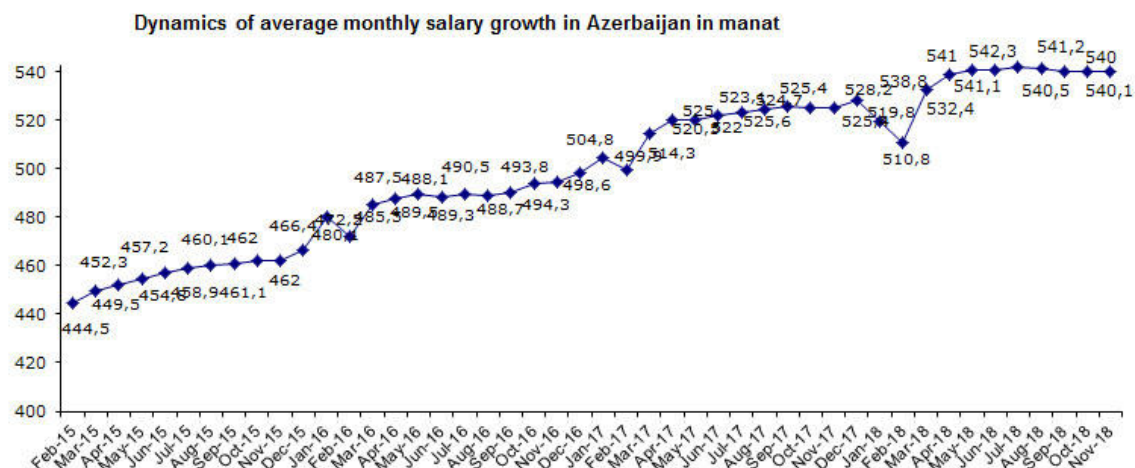
Source: State Statistics Committee

The population's income after paying all required fees and membership fees made up 49.5 billion manat in January-December 2018, which is by 9.4 percent more than in January-December 2017.

Salary

The salary is one of the key social and economic indicators, which sufficiently enough characterizes the level of the prosperity of the working part of the population.

According to the Azerbaijani State Statistics Committee, as of December 1, 2018, the average monthly salary in Azerbaijan increased by 2.9 percent from year to year and reached 540.1 manat.

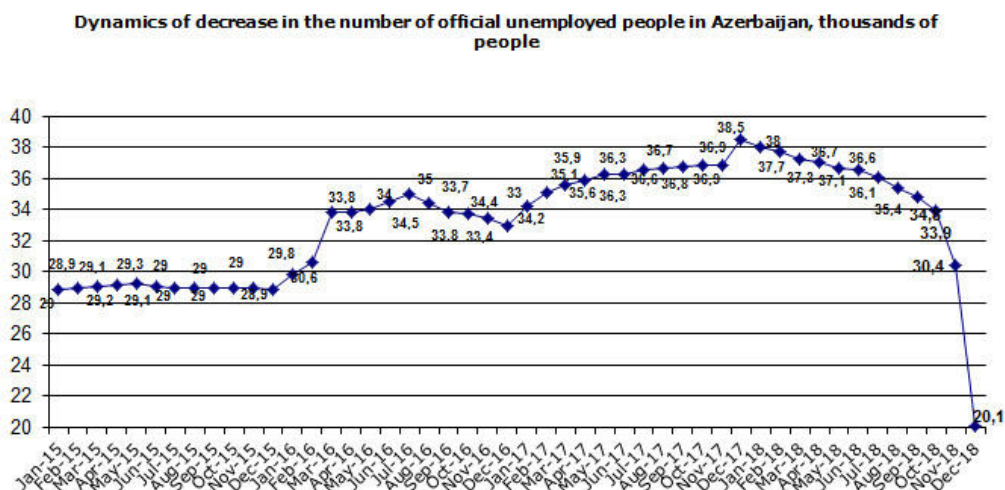


Remuneration in the oil sector reached 3,000.7 manat for the month, the non-oil sector - 484 manat, the public sector - 430.5 manat, the non-state sector - 687.7 manat as of December 1, 2018.

The highest salary was observed in the mining industry, financial, information and communication, scientific and technical activity, as well as the construction sectors.

Labor market

As of January 1, 2019, some 20,100 people were officially registered as unemployed in Azerbaijan, including 37.2 percent women, which is almost twofold less for the year, the Azerbaijani State Statistics Committee's report said.



Distribution of unemployed individuals and those who receive unemployment benefit in towns and regions as of Jan. 1, 2019 (people):

Economic regions:	Individuals with unemployed status	Individuals receiving unemployment benefits
Baku	9,243	599
Absheron region	1,761	114
Ganja-Gazakh	1,326	51
Sheki-Zaqatala	731	23
Lankaran	896	53
Guba-Khachmaz	926	22
Aran	3,221	131
Upper-Karabakh	1,185	21
Kalbajar-Lachin	489	81
Mountain Shirvan	310	22
Nakhchivan	-	-
Total throughout the country	20,088	1,117

According to the report, as of early January 2019, the economically active population of Azerbaijan was nearly 5,133.1 million people.

As of December 1, 2018, 1,553.6 million people accounted for hired workers, including 888,100 people - in the public sector and 665,500 people - in private sector.

Some 34,000 people accounted for those working in the oil sector, while almost 1.52 million people - in the non-oil sector.

Among hired workers 23.9 percent accounted for those working in the production spheres, including 7.2 percent in construction, 7 percent in processing industry, 3.2 percent in agriculture, forestry and fishing, 2.5 percent - water supply, waste recycling, 1.8 percent - in the production and distribution of electricity, gas and steam.

Some 21.5 percent account for the hired workers involved in education, 18.5 percent - trade, repair of vehicles, 8.5 percent - medical and social services, 7 percent in state governance and defense, social maintenance, 4.6 percent - transportation and warehousing, 3.5 percent - recreation, entertainment and arts, 3.4 percent - professional, scientific and technical activities, 1.8 percent - administrative and additional services, 1.7 percent - communication and

information, 1.6 percent - financial and insurance activities, 1.5 percent - tourist accommodation and catering, 1.5 percent - real estate transactions, and 1 percent - other areas.