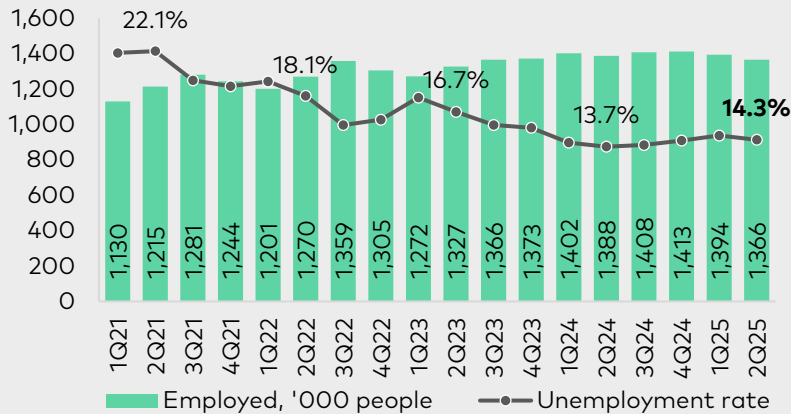




## Chart of the month: Unemployment rate at 14.5% in 1H25



Source: Geostat

The unemployment rate increased by 0.6ppts y/y to 14.5% in 1H25, mainly reflecting a 4.8% y/y decline in self-employed individuals. The number of hired employees grew modestly by 0.5% y/y, making up 68.8% of total employment. Notably, labor force participation rate edged down by 0.3ppts y/y to 54.5% in 1H25.

We expect the decline in self-employment to continue in 2H25 and, accordingly, anticipate the unemployment rate at 14.5% in 2025, up from 13.9% in 2024.

### Economic summary

**Growth:** Georgia's economy expanded by 6.5% y/y in July 2025, slightly above the 6.3% y/y growth recorded in June. Cumulatively, real GDP increased by 8.0% y/y in 7M25. July's growth was supported by strong performance in transport & storage, ICT, arts & entertainment and trade sectors, while manufacturing and construction sectors contracted. We forecast real GDP growth at 7.5% in 2025.

**Inflation:** In Jul-25, Georgia's annual inflation increased to 4.3%, following a 4.0% posted in previous month. The increase was mainly driven by domestic inflation, which edged higher to 5.4% y/y (Jun-25: 5.2%), and by mixed-goods inflation, which climbed to 7.5% y/y (Jun-25: 7.2%). By contrast, imported goods continued to see price declines, though the pace of deflation eased to -1.6% y/y from -2.0% y/y in June, moderating headline inflation. Core inflation, excluding food, energy and tobacco prices, remained steady at 2.2% y/y in July. We expect average annual inflation at 3.7% in 2025.

**Monetary policy:** On 30 July 2025, the NBG kept the monetary policy rate unchanged at 8.0%, reflecting a cautious stance amid strong economic growth and moderate inflation pressures. The central bank raised its 2025 growth forecast from 6.7% to 7.4%. At the same time, persistent global uncertainties pose inflationary risks, prompting the NBG to view the current rate as appropriate to ensure medium-term price stability. We expect the refinancing rate to remain at 8.0% through the end of 2025.

**FX:** In Aug-25, GEL continued to strengthen, appreciating by 0.4% m/m against the USD. This trend enabled the NBG to purchase US\$ 1.3bn over March–July, including US\$ 416.9mn in July alone, to rebuild its FX reserves. We now expect average GEL/1\$ at 2.76 in 2025, revised from the previous forecast of 2.78.

### Activity

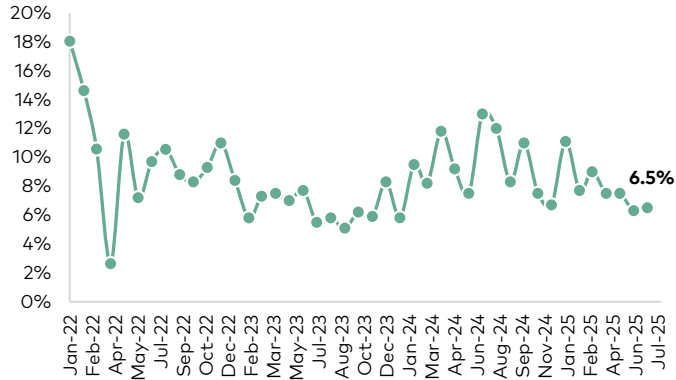
**Trade:** In July 2025, goods exports fell 10.8% y/y to US\$ 610.4mn, reversing a 10.4% rise in June. Imports also declined, down 6.6% y/y to US\$ 1.5bn after a 4.4% increase in previous month. Consequently, the trade deficit narrowed by 3.4% y/y to US\$ 854.2mn. Export weakness was led by ferro-alloys, mineral waters, spirits, and trucks, partly offset by gains in precious metals, fruit, wine, and cars. On the import side, declines in cars, automatic data processing machines, petroleum, tobacco, and copper were partially balanced by higher imports of pharmaceuticals, bars and rods of iron and telephones.

**Tourism:** In Jul-25, tourism revenues increased by 2.7% y/y to US\$ 520mn, according to our estimates. Overall, in 7M25, tourism revenues came in at US\$ 2.5bn (+3.6% y/y), by our estimates. We forecast tourism revenues to reach US\$ 4.5bn in 2025.

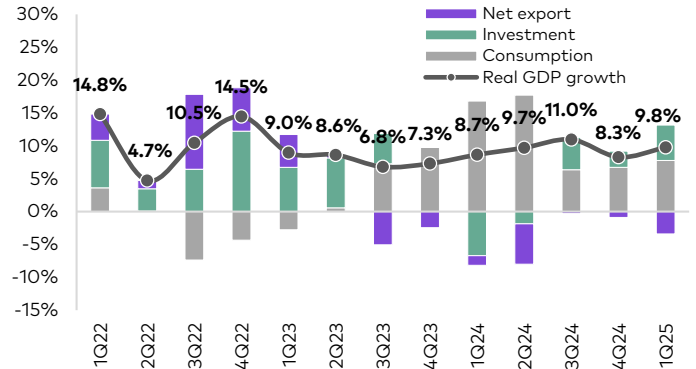
**Banking sector:** In Jul-25, the bank loan portfolio grew by 14.9% y/y (excl. FX effect) to GEL 66.1bn (US\$ 24.4bn), after a 15.6% y/y growth in previous month. This growth was mainly driven by legal entity loans, which increased by 15.6% y/y, along with a 14.3% y/y increase in retail loans. On deposit side growth was 10.9% y/y (excl. FX effect) to GEL 62.0bn in Jul-25, compared to a 11.6% y/y growth in Jun-25. Additionally, in Jul-25, the deposit dollarization rate stood at 49.7% (flat m/m), while loan dollarization reduced to 42.4% (-0.69ppts m/m).



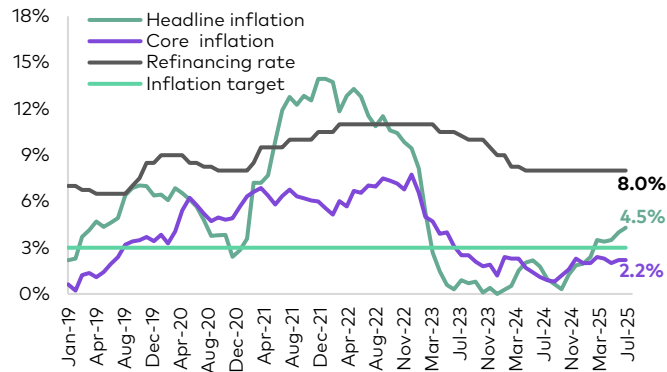
### Real GDP growth, % change y/y



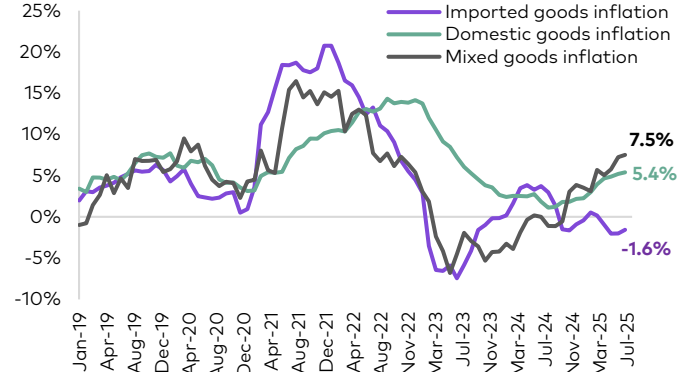
### Contributions to real GDP growth, ppts



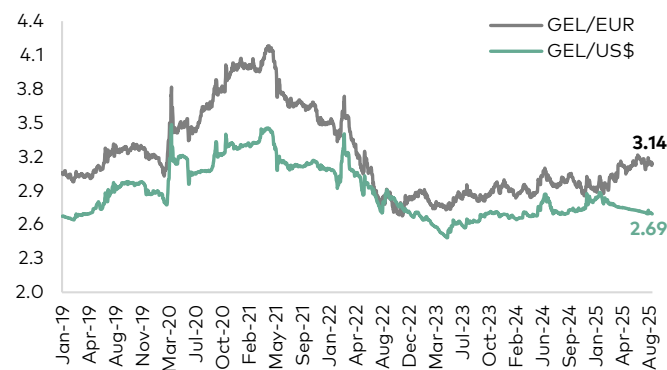
### Annual inflation and monetary policy rate



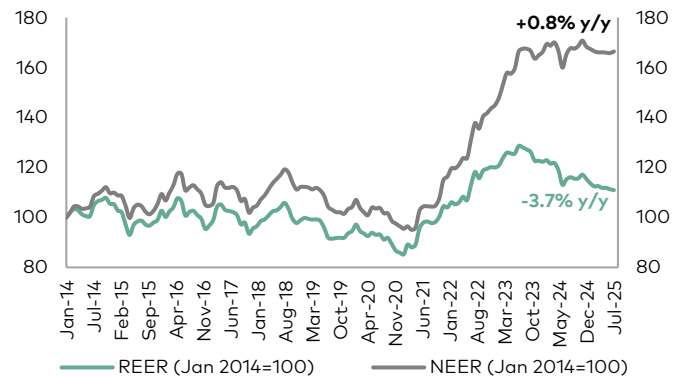
### Imported and domestic inflation dynamics



### GEL/US\$ and GEL/EUR

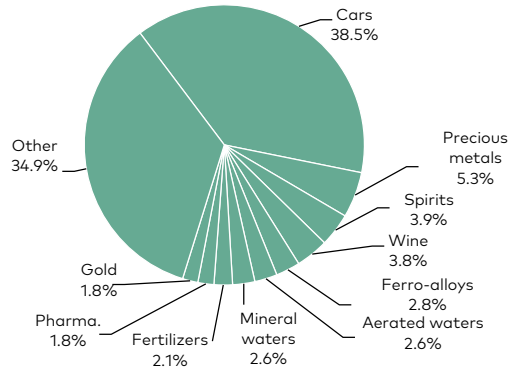


### GEL's nominal and real effective exchange rates



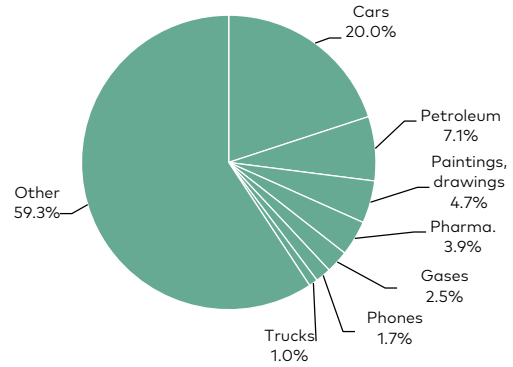


### Exports by product, 7M25



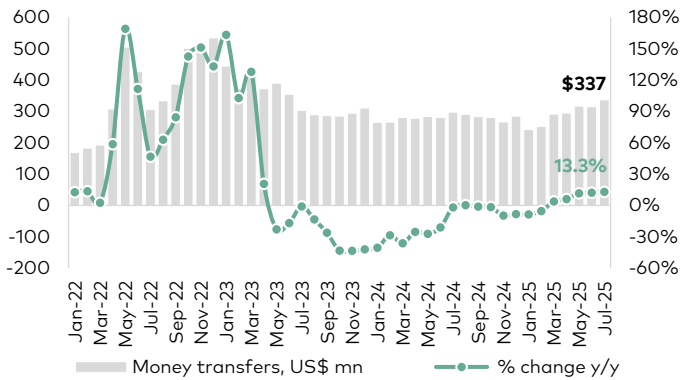
Source: Geostat

### Imports by product, 7M25



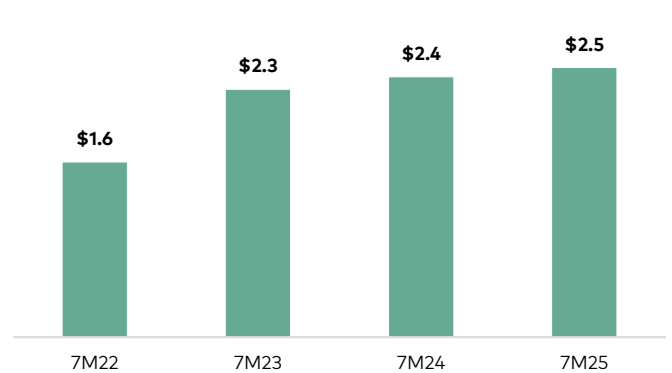
Source: Geostat

### Money transfers to Georgia



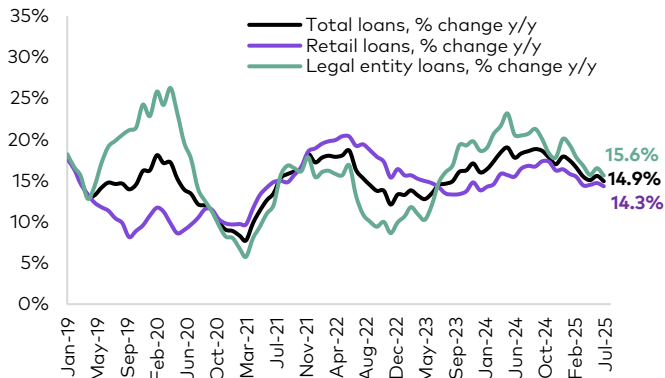
Source: NBG

### Tourism revenues, US\$ bn



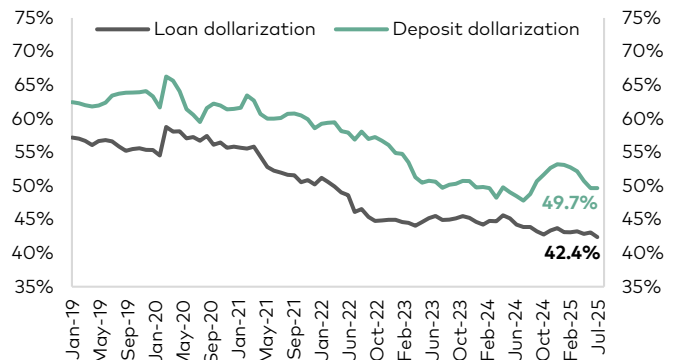
Source: NBG

### Banking sector loan portfolio growth by sector, (excluding FX effect)



Source: NBG

### Banking sector loan and deposit dollarization



Source: NBG



## Macro data and baseline forecasts

Georgia	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F
<b>GDP and Prices</b>											
Nominal GDP, GEL bn	34.5	36.6	41.3	45.4	49.7	49.8	60.7	72.9	80.9	91.9	102.44
Nominal GDP, US\$ bn	15.2	15.4	16.5	17.9	17.6	16.0	18.9	25.0	30.8	33.8	37.1
Nominal GDP per capita, US\$	4,085	4,143	4,420	4,804	4,741	4,301	5,084	6,731	8,284	9,141	10,024
Real GDP, % change y/y	3.4%	3.4%	5.2%	6.1%	5.4%	-6.3%	10.6%	11.0%	7.8%	9.4%	7.5%
CPI Inflation, ave	4.0%	2.1%	6.0%	2.6%	4.9%	5.2%	9.6%	11.9%	2.5%	1.1%	3.7%
CPI Inflation, eop	4.9%	1.8%	6.7%	1.5%	7.0%	2.4%	13.9%	9.8%	0.4%	1.9%	3.9%
GEL per US\$, ave	2.27	2.37	2.51	2.53	2.82	3.11	3.22	2.92	2.63	2.72	2.76
GEL per US\$, eop	2.39	2.65	2.59	2.68	2.87	3.28	3.10	2.70	2.69	2.81	2.78
GEL per EUR, ave	2.52	2.62	2.83	2.99	3.15	3.55	3.82	3.08	2.84	2.94	3.09
GEL per EUR, eop	2.62	2.79	3.10	3.07	3.21	4.02	3.50	2.88	2.98	2.93	3.16
GEL per GBP, ave	3.47	3.21	3.23	3.38	3.60	3.99	4.43	3.62	3.27	3.48	3.65
GEL per GBP, eop	3.55	3.26	3.50	3.40	3.76	4.45	4.17	3.26	3.42	3.53	3.72
Population, mn	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
<b>Government Finances</b>											
Budget revenues, % of GDP	27.0%	27.5%	27.0%	26.5%	26.4%	25.3%	25.6%	27.2%	27.9%	28.6%	28.1%
Budget expenses, % of GDP	28.1%	28.9%	27.8%	27.2%	29.1%	34.5%	31.9%	29.6%	30.2%	30.9%	30.6%
Fiscal balance (-deficit), % of GDP	-2.4%	-2.7%	-2.7%	-2.2%	-2.1%	-9.2%	-6.0%	-3.0%	-2.4%	-2.4%	-2.5%
Public debt, % of GDP	36.0%	39.5%	38.9%	38.2%	40.0%	59.6%	49.1%	39.2%	38.9%	36.1%	34.7%
<b>External Sector</b>											
Current account, US\$ bn	-1.8	-1.9	-1.3	-1.2	-1.1	-2.0	-1.9	-1.1	-1.7	-1.5	-1.9
Current account, % of GDP	-11.6%	-12.2%	-8.0%	-6.7%	-6.0%	-12.4%	-10.3%	-4.4%	-5.6%	-4.5%	-5.0%
Exports, US\$ bn	6.2	6.2	7.6	8.9	9.6	5.9	8.1	13.2	15.0	16.2	17.3
Imports, US\$ bn	8.7	8.5	9.4	10.8	11.2	9.0	11.2	15.6	17.8	19.0	20.6
Net current transfers, US\$ bn	1.1	1.1	1.3	1.4	1.4	1.8	2.3	3.1	3.3	3.4	3.3
Net FDI, US\$ bn	1.4	1.2	1.7	1.0	1.1	0.6	0.9	1.9	1.6	0.9	0.9
Net FDI, % of GDP	9.3%	8.1%	10.4%	5.6%	6.2%	3.5%	4.9%	7.7%	5.2%	2.7%	2.4%
Gross international reserves, US\$ bn	2.5	2.8	3.0	3.3	3.5	3.9	4.3	4.9	5.0	4.4	4.9
<b>Financial sector</b>											
Bank loan portfolio, US\$ bn	6.7	7.1	8.6	9.9	11.1	11.7	13.9	16.6	19.6	22.2	25.3
Bank loan portfolio, % of GDP	46.4%	51.7%	53.9%	58.6%	64.2%	76.8%	71.0%	61.5%	65.1%	67.7%	68.6%
Monetary policy rate, %	8.0%	6.5%	7.3%	7.0%	9.0%	8.0%	10.5%	11.0%	9.50%	8.00%	8.00%

Source: NBS, MOF, Geostat, Galt & Taggart

Note 1: Fiscal balance according to IMF Program Definition

Note 2: Exports and imports include both – goods and services

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