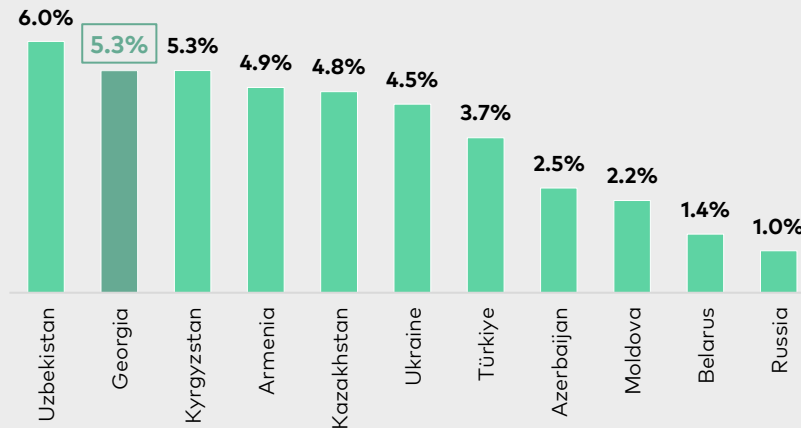




Chart of the month: IMF forecasts 5.3% real GDP growth for Georgia in 2026



Source: IMF

According to the IMF's October 2025 World Economic Outlook, Georgia's economy is projected to grow by 5.3% in 2026, one of the fastest rates in the region. Between 2027 and 2030, real GDP growth is expected to average 5.0%, with GDP per capita reaching around US\$13,540 by 2030.

Economic summary

Growth: Georgia's economy expanded by 6.4% y/y in September 2025, following 6.6% y/y growth recorded in August. Cumulatively, real GDP increased by 7.7% y/y in 9M25. The growth in September was mainly driven by stronger performance in the manufacturing, transport & storage, ICT and professional & scientific sectors, while construction and energy sectors declined. We forecast real GDP growth at 7.5% in 2025 and at 6.0% in 2026.

Inflation: In September 2025, Georgia's annual inflation rose to 4.8%, up from 4.6% in August. The main contribution came from domestic inflation, which increased by 6.3% y/y (Aug: 6.6%), followed by mixed-goods inflation, which accelerated to 7.8% y/y (Aug: 6.3%). In contrast, imported goods prices declined further by 1.1% y/y. Meanwhile, core inflation, excluding food, energy, and tobacco, eased to 2.1% y/y in Sep-25, down from 2.8% posted in previous month.

We expect average annual inflation at 3.9% in 2025 and at 3.0% in 2026, revised upwards from previous forecast of 3.7% and 2.9%, respectively, reflecting the impact of rising bread prices from October.

Monetary policy: On 10 September 2025, the NBG kept the monetary policy rate unchanged at 8.0%, reflecting a cautious approach to domestic inflationary pressures and elevated global uncertainty. The NBG projects average annual inflation at 3.8% for 2025, with a gradual decline toward the 3.0% target over the medium term. We expect the refinancing rate to remain at 8.0% through the end of 2025.

FX: In Oct-25, GEL remained largely unchanged m/m against the USD. Notably, GEL's appreciation trend allowed the NBG to purchase US\$ 1.6bn over March–September, including US\$ 100mn purchase in September alone, to rebuild its FX reserves. We expect average GEL/1\$ at 2.75 and 2.73 in 2025 and 2026, respectively.

Activity

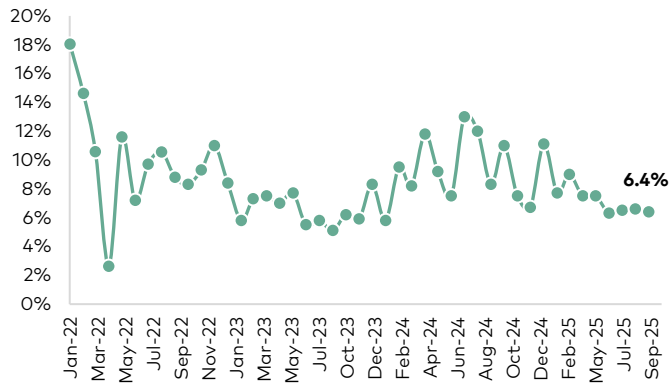
Trade: In Sep-25, goods exports rose by 14.2% y/y to a record monthly high of US\$ 703.2mn, reversing a 5.9% y/y decline in previous month. Goods imports reduced slightly by 0.3% y/y to US\$ 1.4bn, following a 3.4% y/y drop in previous month. Consequently, the trade deficit narrowed by 11.0% y/y to US\$ 737.3mn in Sep-25. The exports growth was mainly driven by a rise in exports of precious metals, paintings, nuts, ferro-alloys, wine, spirits and copper, while cars exports declined. On the import side, lower cars imports were partly offset by increased imports of petroleum products, engines, and pharmaceuticals.

Tourism: Tourism revenues increased by 6.6% y/y to US\$ 1.7bn in 3Q25, according to NBG. Overall, in January–September 2025, tourism revenues reached US\$ 3.6bn (+5.1% y/y). Considering 9M actual data, we now forecast tourism revenues at US\$ 4.6bn for the full year 2025, revised upwards from previous estimate of US\$ 4.5bn. In 2026, we anticipate tourism at US\$ 4.9bn.

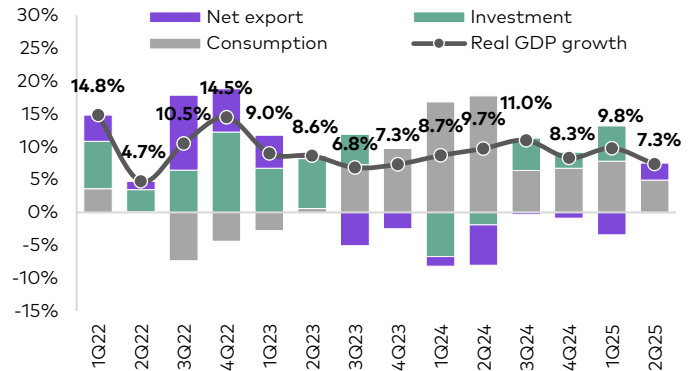
Banking sector: In Sep-25, the bank loan portfolio grew by 13.3% y/y (excl. FX effect) to GEL 67.5bn (US\$ 24.9bn), after a 14.8% y/y growth in previous month. This growth was mainly driven by retail loans, which rose by 14.9% y/y, alongside a 11.6% y/y increase in legal entity loans. On the funding side, deposits growth accelerated, up by 13.6% y/y (excluding FX effect) to GEL 65.6bn (US\$ 24.1bn) in Sep-25, compared with 11.6% y/y growth in previous month. Additionally, deposit and loan dollarization rates improved in Sep-25, compared to previous month at 49.2% (-0.48ppts m/m) and 42.2% (-0.18ppts m/m), respectively.



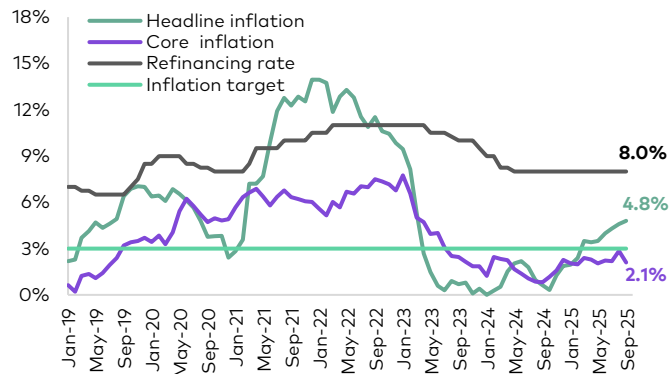
Real GDP growth, % change y/y



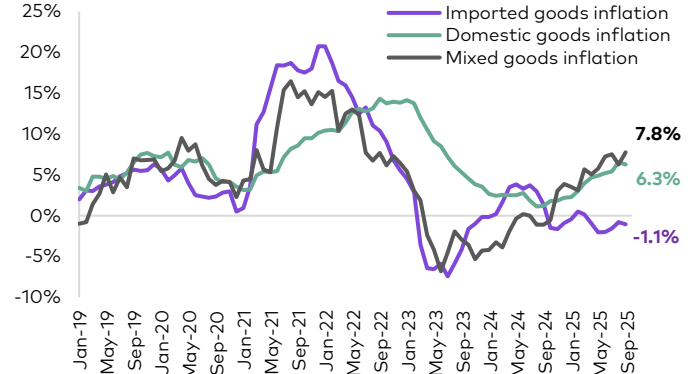
Contributions to real GDP growth, ppts



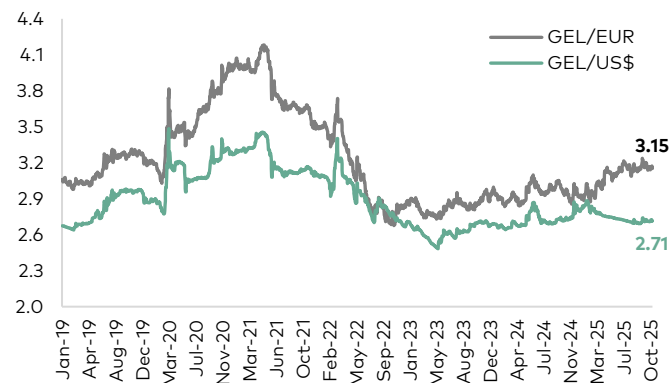
Annual inflation and monetary policy rate



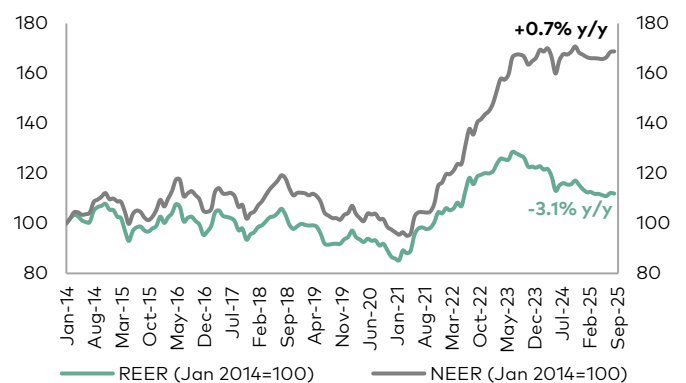
Imported and domestic inflation dynamics



GEL/US\$ and GEL/EUR

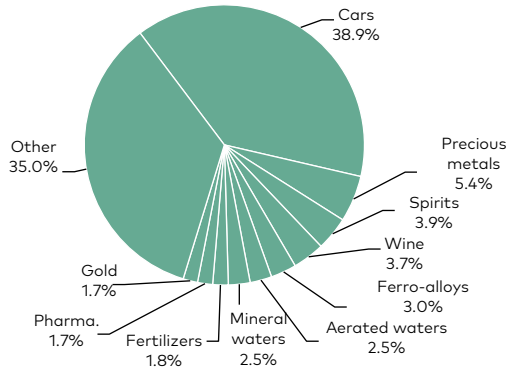


GEL's nominal and real effective exchange rates



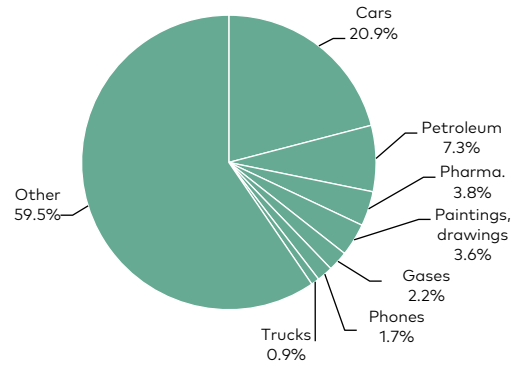


Exports by product, 9M25



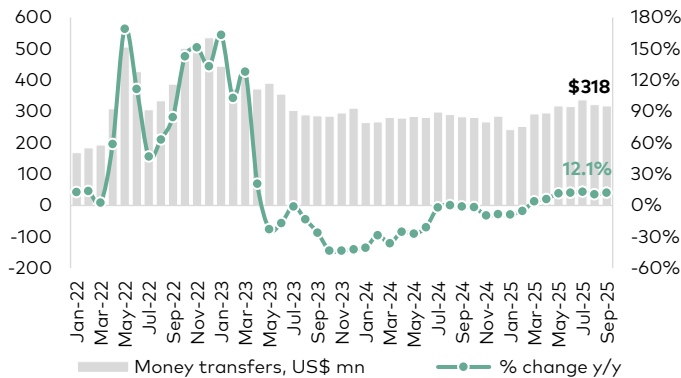
Source: Geostat

Imports by product, 9M25



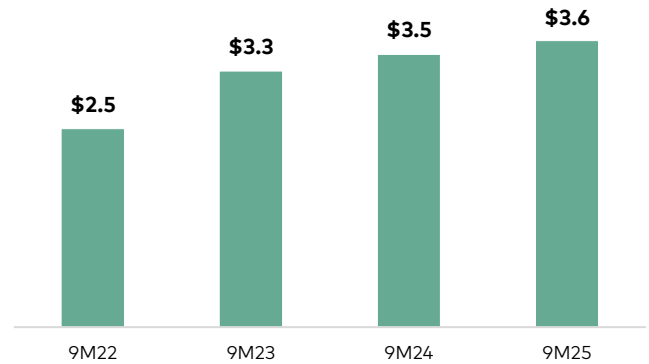
Source: Geostat

Money transfers to Georgia



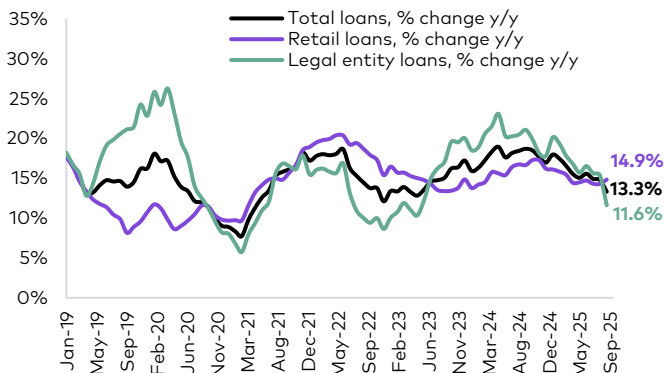
Source: NBG

Tourism revenues, US\$ bn



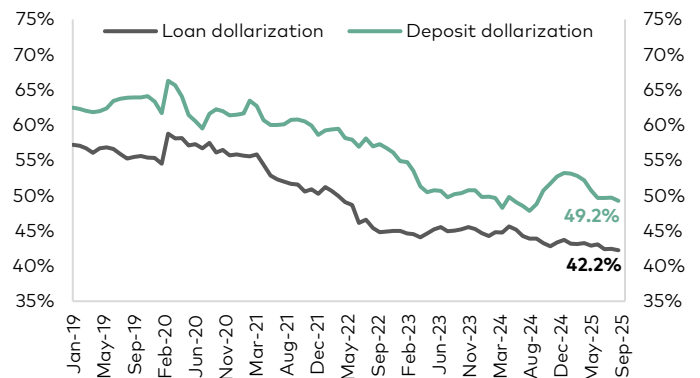
Source: NBG

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	2026F
GDP and Prices												
Nominal GDP, GEL bn	34.5	36.6	41.3	45.4	49.7	49.8	60.7	72.9	80.9	91.9	103.0	112.7
Nominal GDP, US\$ bn	15.2	15.4	16.5	17.9	17.6	16.0	18.9	25.0	30.8	33.8	37.5	41.3
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	10,126	11,157
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%	6.0%
CPI Inflation, ave	4.0%	2.1%	6.0%	2.6%	4.9%	5.2%	9.6%	11.9%	2.5%	1.1%	3.9%	3.0%
CPI Inflation, eop	4.9%	1.8%	6.7%	1.5%	7.0%	2.4%	13.9%	9.8%	0.4%	1.9%	4.4%	2.3%
GEL per US\$, ave	2.27	2.37	2.51	2.53	2.82	3.11	3.22	2.92	2.63	2.72	2.75	2.73
GEL per US\$, eop	2.39	2.65	2.59	2.68	2.87	3.28	3.10	2.70	2.69	2.81	2.73	2.72
GEL per EUR, ave	2.52	2.62	2.83	2.99	3.15	3.55	3.82	3.08	2.84	2.94	3.10	3.15
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	3.18
GEL per GBP, ave	3.47	3.21	3.23	3.38	3.60	3.99	4.43	3.62	3.27	3.48	3.62	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	3.65	3.69
Population, mn	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Government Finances												
Budget revenues, % of GDP	27.0%	27.5%	27.0%	26.5%	26.4%	25.3%	25.6%	27.2%	27.9%	28.6%	27.8%	26.8%
Budget expenses, % of GDP	28.1%	28.9%	27.8%	27.2%	29.1%	34.5%	31.9%	29.6%	30.2%	30.9%	30.4%	29.1%
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%	-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%	35.9%	34.9%
External Sector												
Current account, US\$ bn	-1.8	-1.9	-1.3	-1.2	-1.1	-2.0	-1.9	-1.1	-1.7	-1.8	-1.9	-2.0
Current account, % of GDP	-11.6%	-12.2%	-8.0%	-6.7%	-6.0%	-12.4%	-10.3%	-4.4%	-5.5%	-5.4%	-5.0%	-4.8%
Exports, US\$ bn	6.2	6.2	7.6	8.9	9.6	6.0	8.1	13.2	15.1	16.2	17.3	18.3
Imports, US\$ bn	8.7	8.5	9.4	10.8	11.2	9.0	11.2	15.6	17.8	19.0	20.5	21.9
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	3.5	3.6
Net FDI, US\$ bn	1.4	1.2	1.7	1.0	1.1	0.6	0.9	1.9	1.6	1.1	1.1	1.2
Net FDI, % of GDP	9.3%	8.1%	10.4%	5.6%	6.2%	3.6%	5.0%	7.6%	5.3%	3.4%	2.9%	3.0%
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	5.5	6.0
Financial sector												
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	26.0	29.3
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%	68.9%	70.5%
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%	7.50%

Source: NBG, 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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