



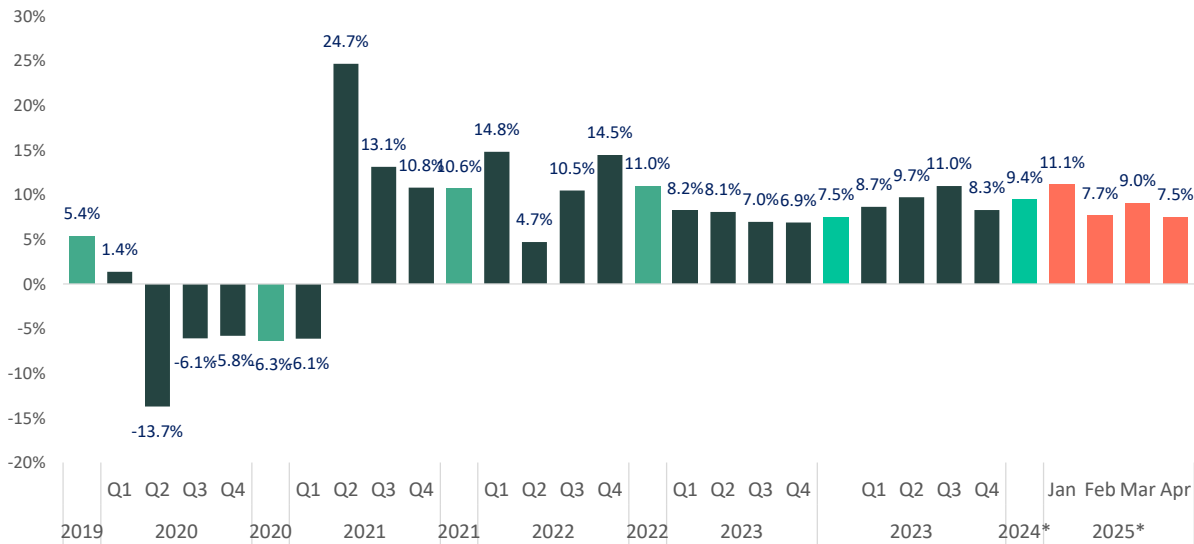
Current Economic Outlook

May, 2025

- In April 2025, the real GDP growth rate was 7.5 percent and average growth rate of the first four months of 2025 was 8.8 percent, according to the preliminary estimates of the National Statistics Office.
- In May, annual inflation stood at 3.5 percent, while core inflation was 2.1 percent
- In April, exports increased by 41.1 percent year-on-year and imports decreased by 3.6 percent year-on-year, decreasing the trade deficit by 22.9 percent year-on-year to 782.5 million USD
- For April, the real effective exchange rate depreciated by 8.2 percent compared to the same period of the previous year and by 0.6 percent compared to the previous month
- The monetary policy rate is at 8 percent in May
- By the end of May, sovereign ratings for Georgia are following:
Fitch “BB negative” S&P “BB stable” Moody’s “Ba2 negative”

According to Preliminary Estimates Economic Growth in April was Equal to 7.5 percent

Economic Growth, % y/y

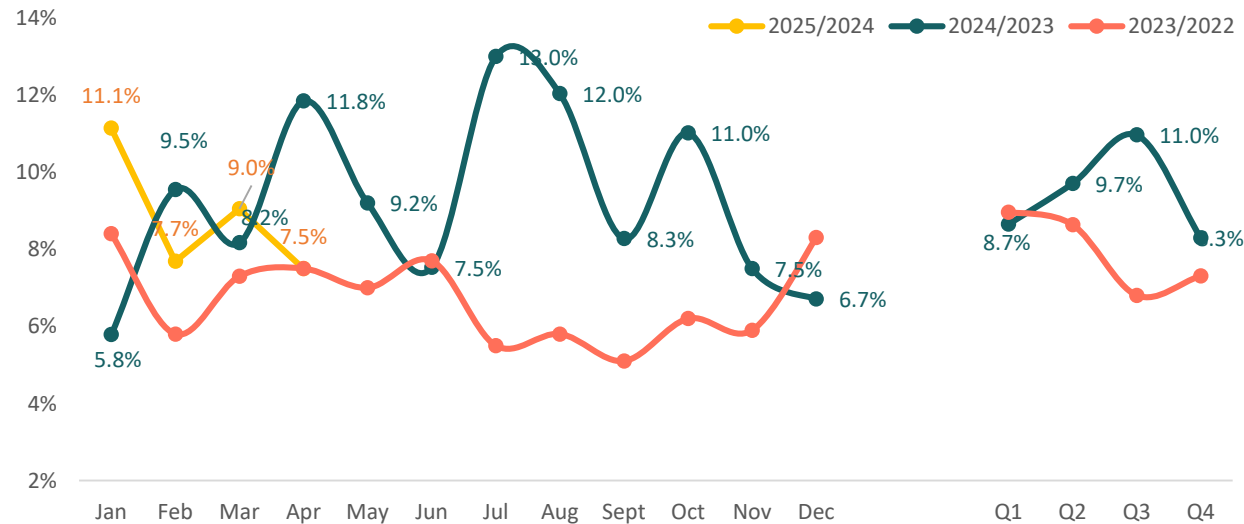


- Estimated real GDP growth rate in April 2025 equaled 7.5 percent YoY, while the seasonally adjusted economic growth in April comparing to the previous month was 0.5 percent. Average annual real GDP growth rate for the four months of 2025 equals to 8.8 percent.
- In April 2025 the estimated real growth compared to the same period of the previous year was observed in the following activities: Information and Communication, Financial and Insurance activities, Mining and quarrying, Real estate activities, Transportation and storage.

Economic Growth, % m/m

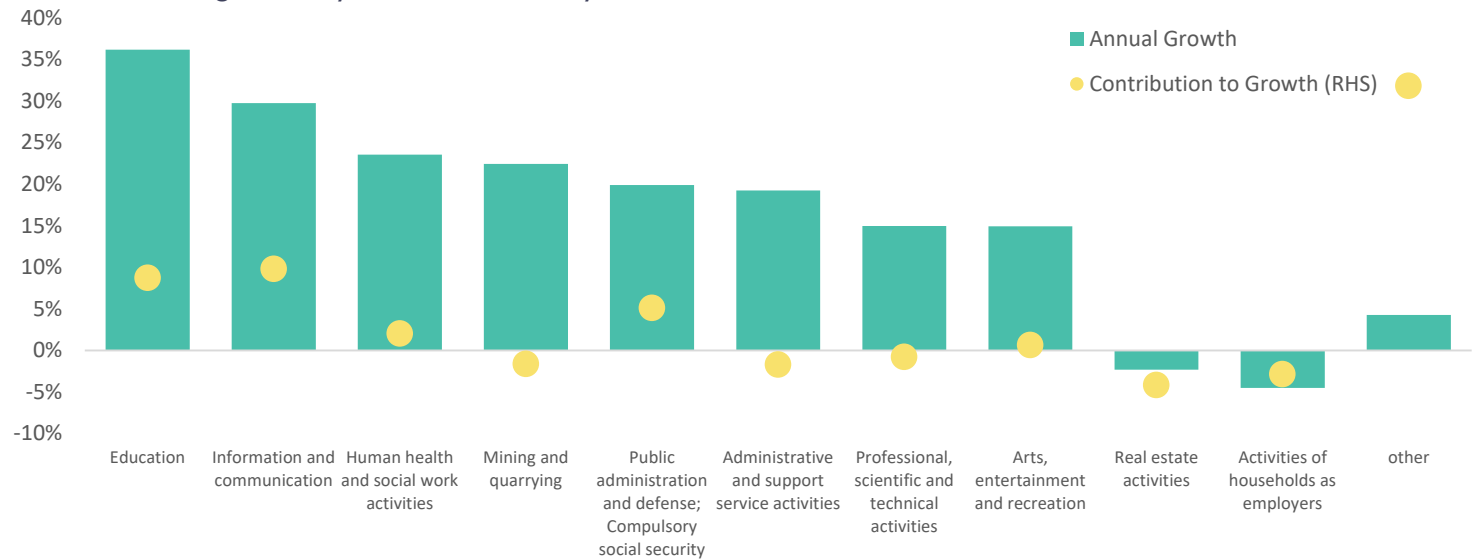


Economic Growth, 2025-2022



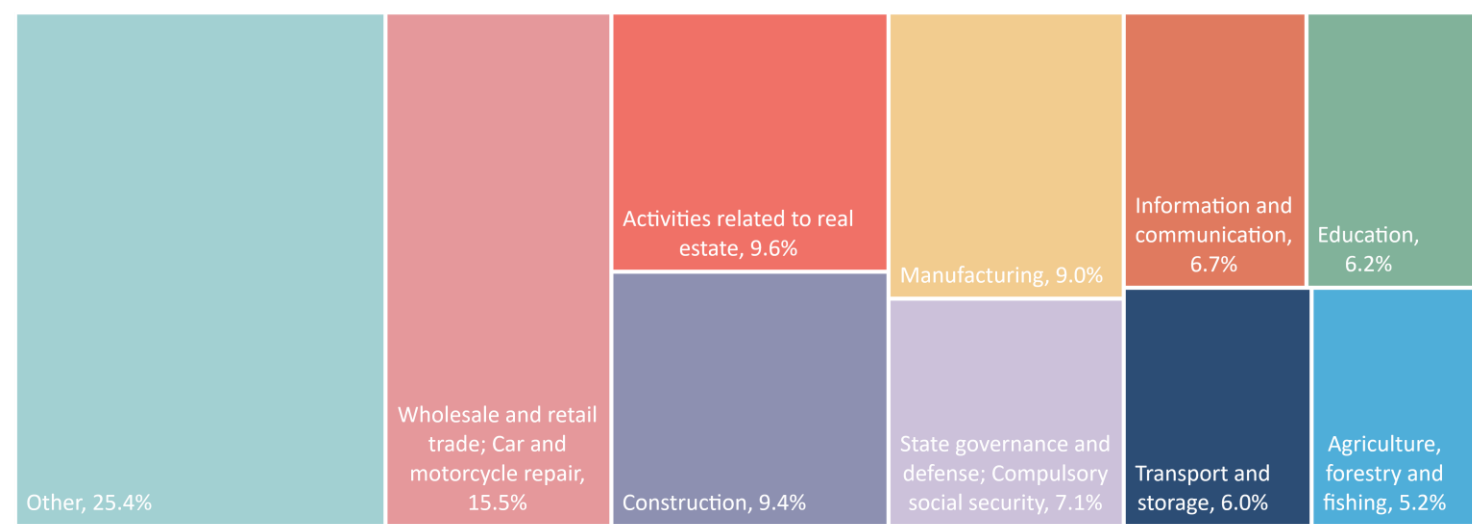
According to Preliminary Estimates, Real GDP Increased by 8.3 percent in the Fourth Quarter of 2024

Real GDP growth by economic activity, 2024 IV Quarter



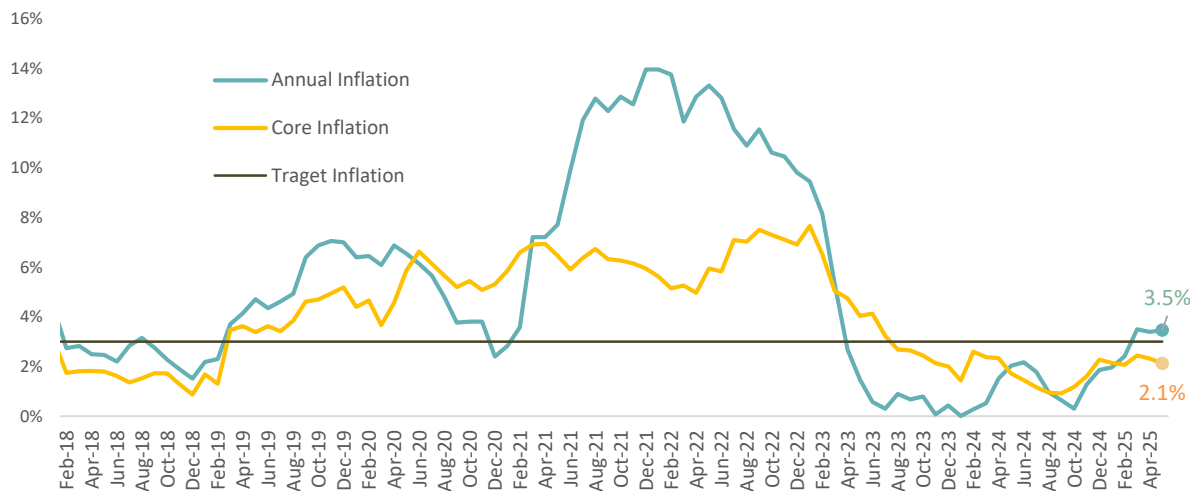
- According to preliminary estimates, the economy grew by 8.3 percent in the fourth quarter of 2024, and growth in the first three quarters was set at 8.7, 9.7 and 11.0 percent. Growth in the fourth quarter of 2024 represents a 38.9 percent increase over the fourth quarter of 2019.
- The following industries have made a significant contribution to growth of Q4 2024:
 - Information and communication: 29.7% (1.8 p.p.)
 - Education: 36.2% (1.6 p.p.)
 - Public administration and defense: 19.9% (1.1 p.p.)
 - Human health and social work activities: 23.6% (0.7 p.p.)
 - Arts, entertainment and recreation: 14.9% (0.5 p.p.)
 - Professional, scientific and technical activities: 15.0% (0.3 p.p.)
- The following sectors made a significant contribution to the decrease:
 - Real Estate Activities: -2.3% (-0.2 pp.)

GDP by economic activity, 2024 IV Quarter

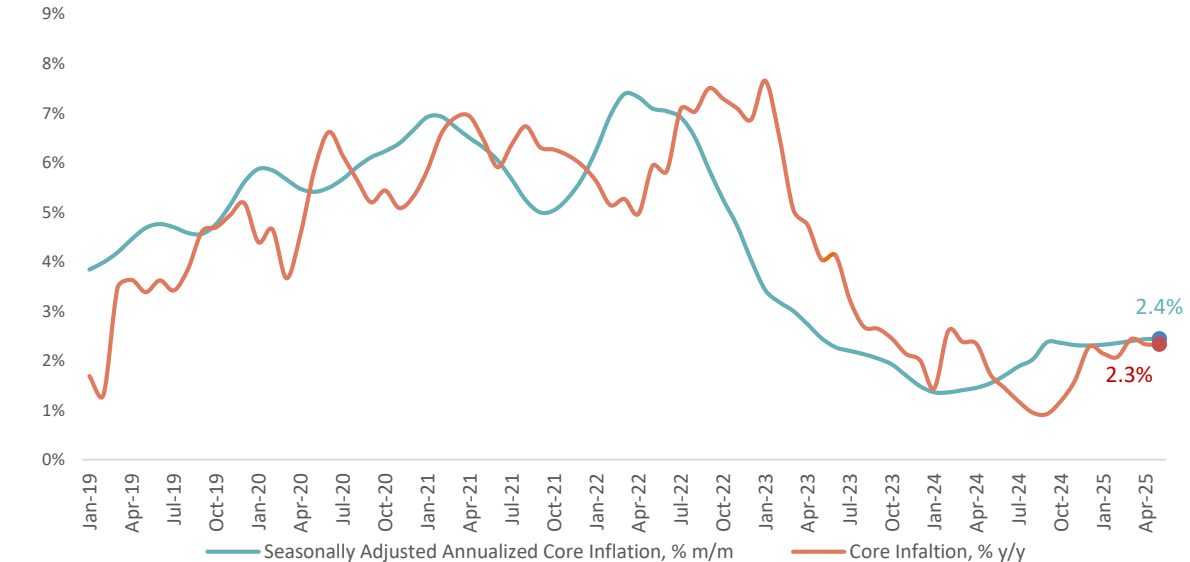


Annual Inflation in May has Reached 3.5 percent

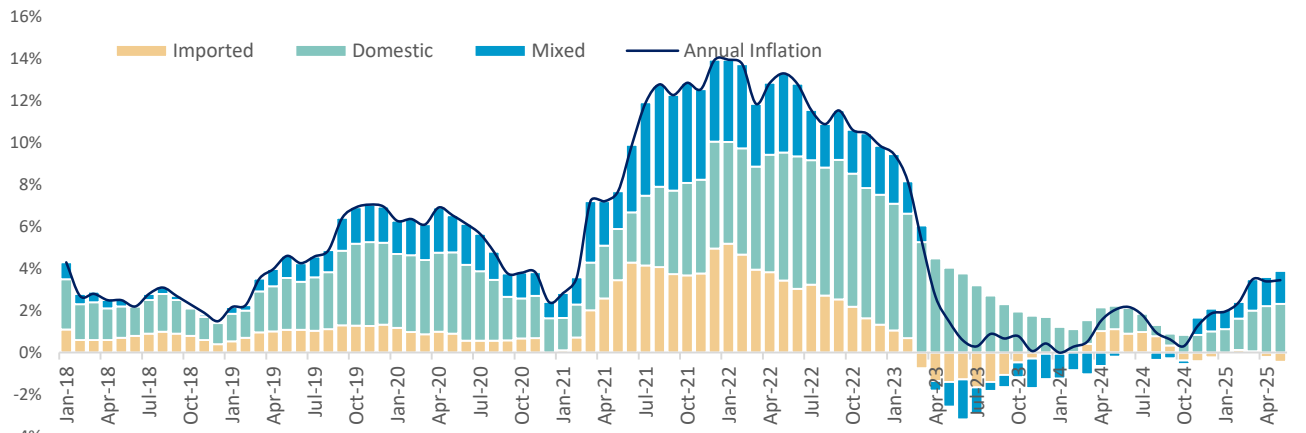
Total and Core Inflation, % y/y



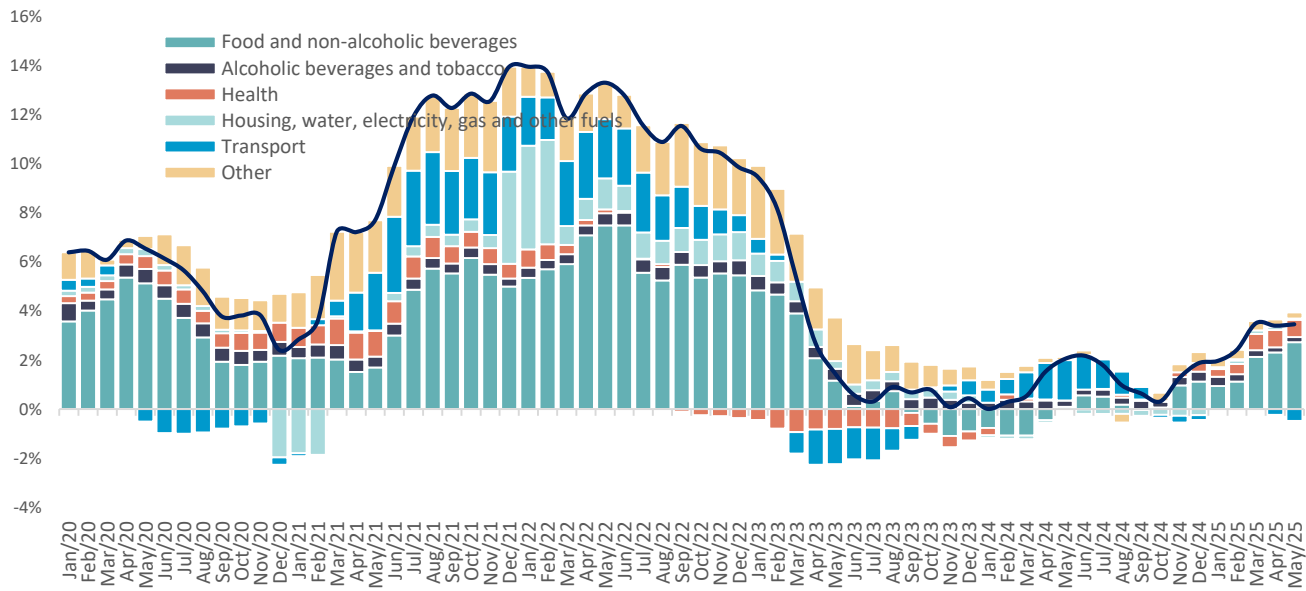
Core Inflation, % m/m



Inflation Decomposition



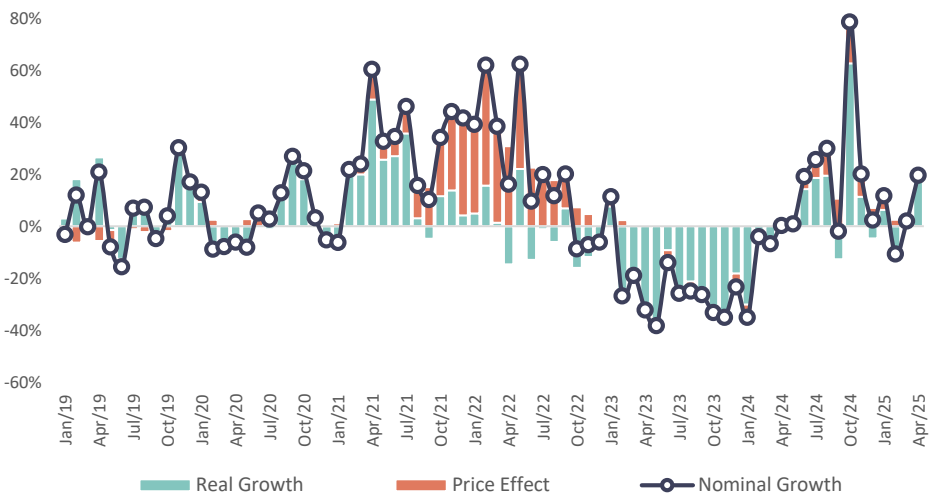
Inflation Decomposition by product group



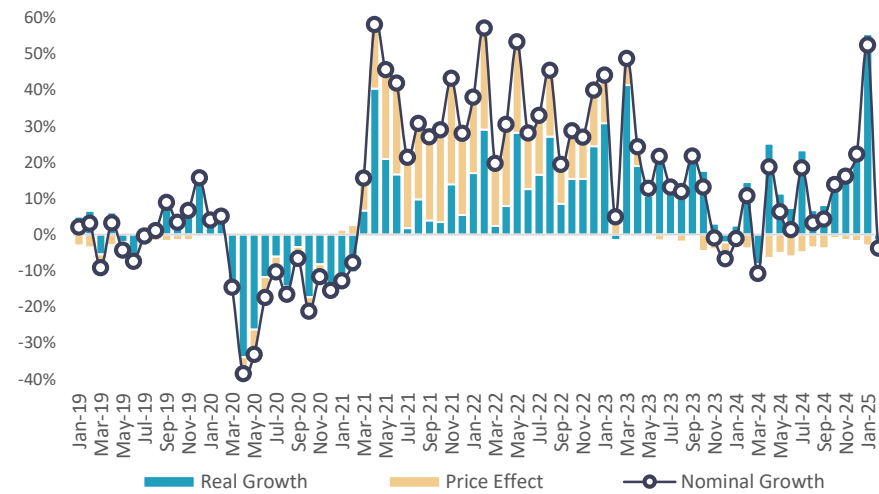
Source: Geostat, NBG, MOF

Trade Deficit in April decreased by 22.9 percent Annually

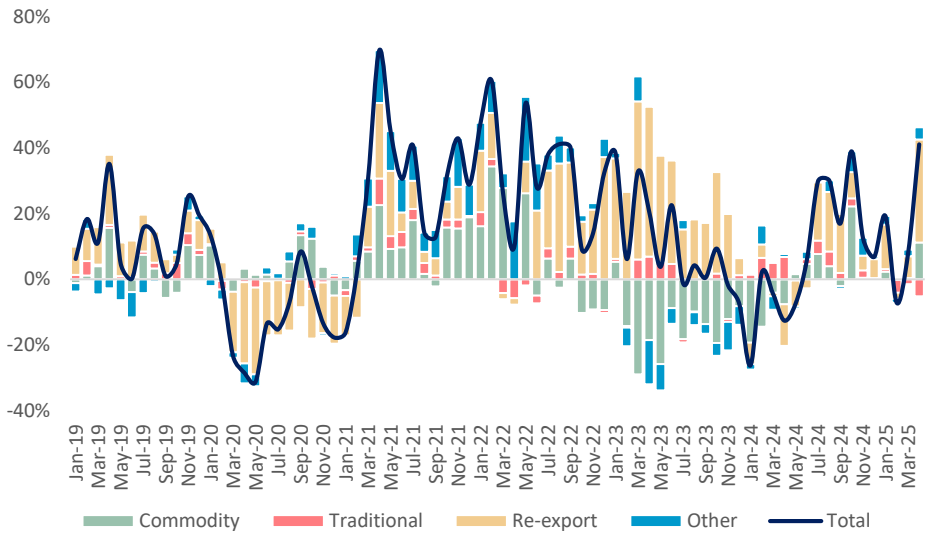
Change of Domestic Export, %y/y



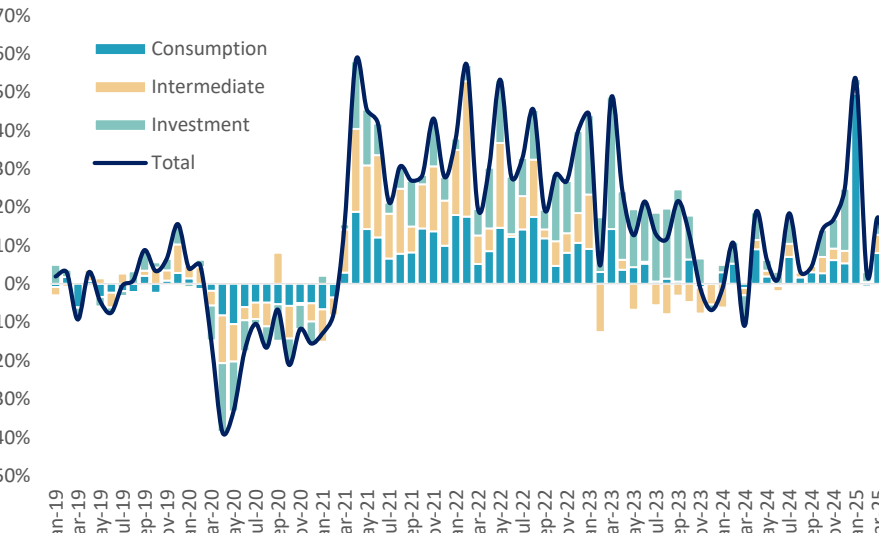
Change of Import, %y/y



Decomposition of Export



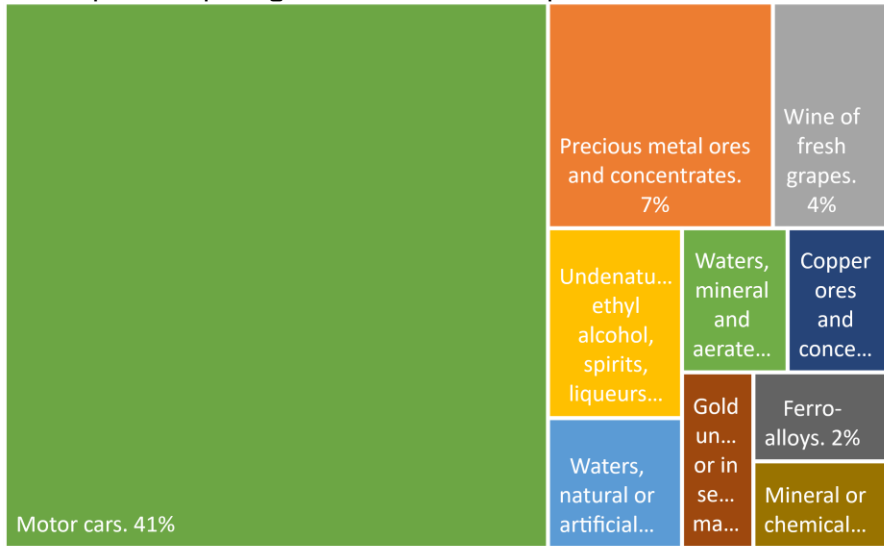
Decomposition of Change of Import, %y/y



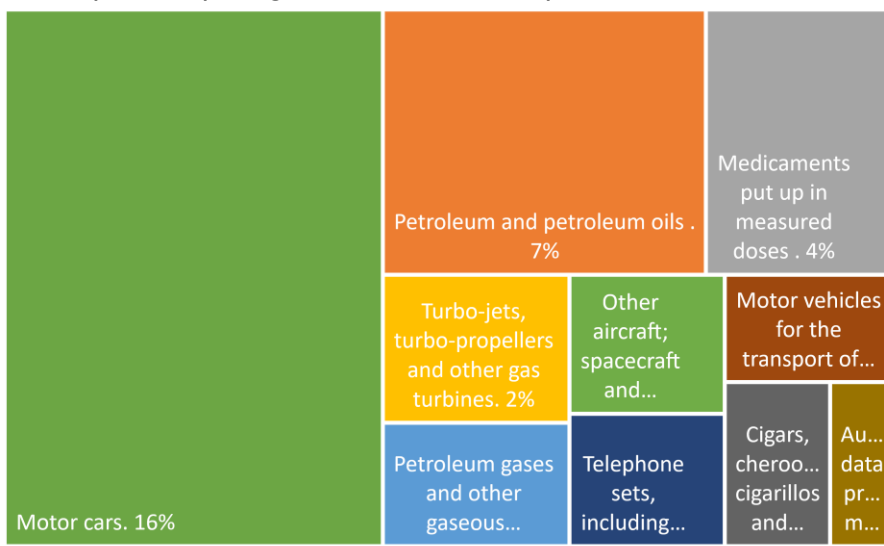
- Export in April increased annually by 41.1 percent to 616.8 million USD.
- Domestic export increased annually by 19.5 percent to 260.4 million USD.
- Import annually decreased by 3.6 percent to 1 399.3 million USD in February.
- Trade deficit annually decreased by 22.9 percent to 782.5 million USD.
- Share of re-export in export growth is equal to 31.4 percent (62.6 %y/y), while share of commodity product export is 11.2 percent (122.9 %y/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to -2.0, -1.5 and -0.1 percent, respectively.

International Trade is Characterized by Stable Diversification

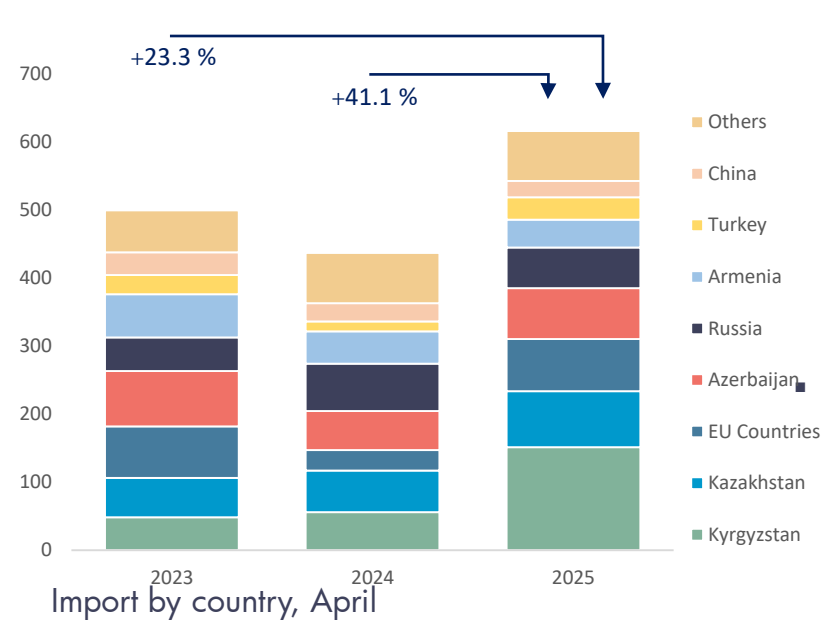
Top 10 Export goods, % of total Export



Top 10 Import goods, % of total Import



Export by country, April



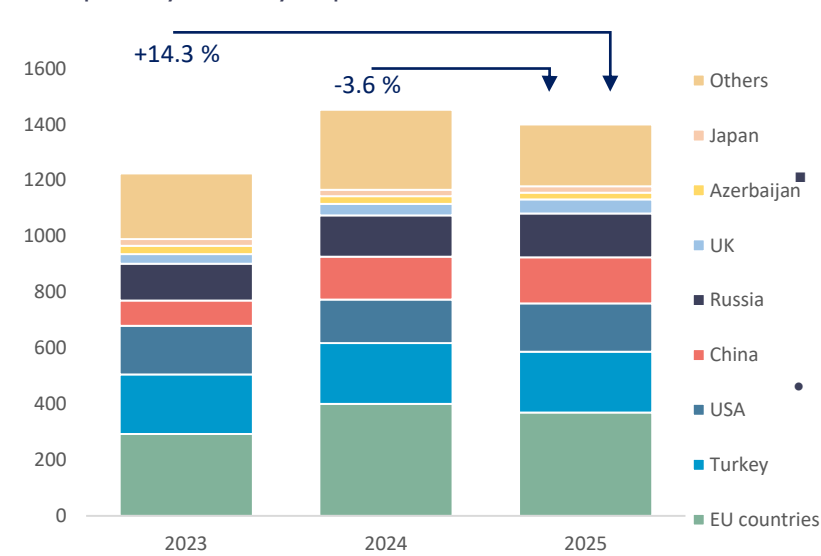
Top Export Products:

- Motor cars: 253.3 million. USD – 41.1 percent of total exports.
- Precious metal ores and concentrates: 43.4 mln. USD – 7.0 percent of total exports.
- Ethyl alcohol, spirits: 22.1 million USD – 3.6 percent of total exports.

Top Import Products:

- Motor cars: 225.0 million. USD – 16.1 percent of total imports.
- Petroleum and petroleum oils: 95.0 million US dollars – 6.8 percent of total imports.
- Medicaments: 55.7 million USD – 4.0 percent of total imports.

Import by country, April



Top Export Country:

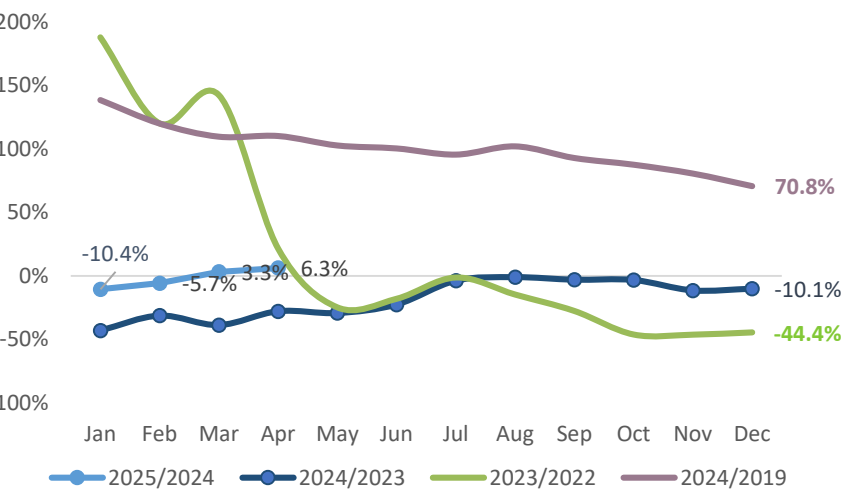
- Kyrgyzstan: 151.4 million USD – 24.5 percent.
- Kazakhstan : 82.2 million USD – 13.3 percent.
- European Union: 77.1 million USD – 12.5 percent.

Top Import Country:

- European Union: 368.8 million. USD – 26.4 percent.
- Turkey: 217.7 million USD – 15.6 percent.
- USA: 173.5 million USD – 12.4 percent.

Net Remittances Increased by 6.3 percent in April 2025

Net Remittances, 2025-2019

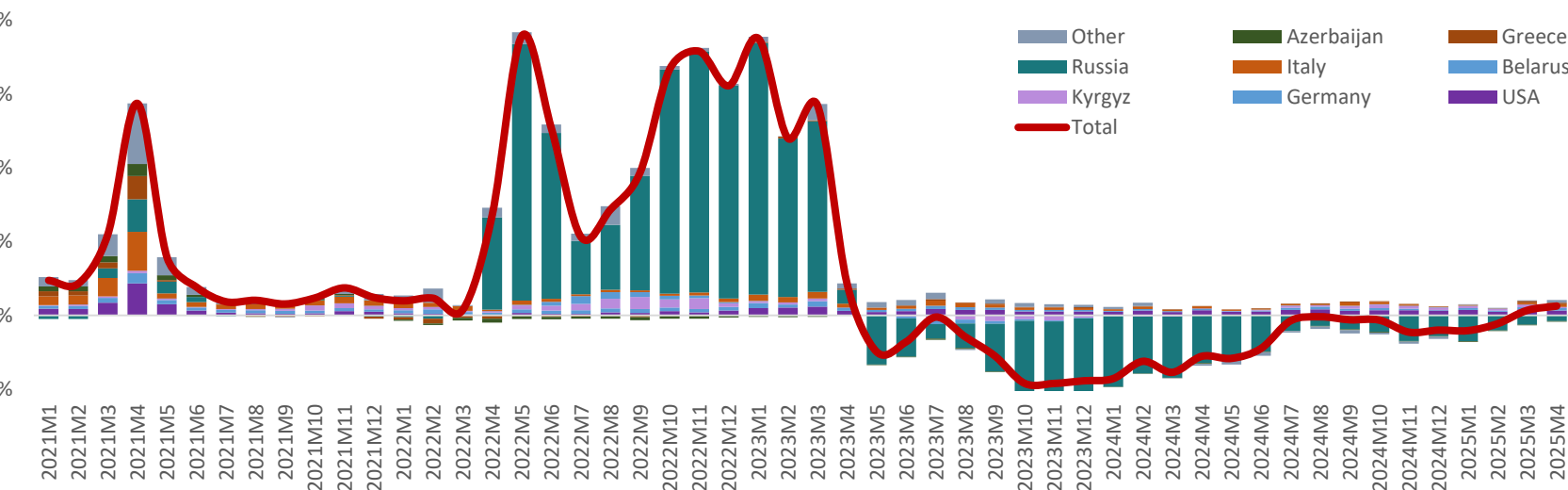


Net Remittances, April 2025

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	52.9	17.7	3.2
Italy	49.1	9.6	1.7
Russia	36.1	-20.7	-3.8
Germany	24.0	21.4	1.7
Greece	22.8	12.6	1.0
Israel	21.5	10.7	0.8
Other	57.2	7.3	1.6

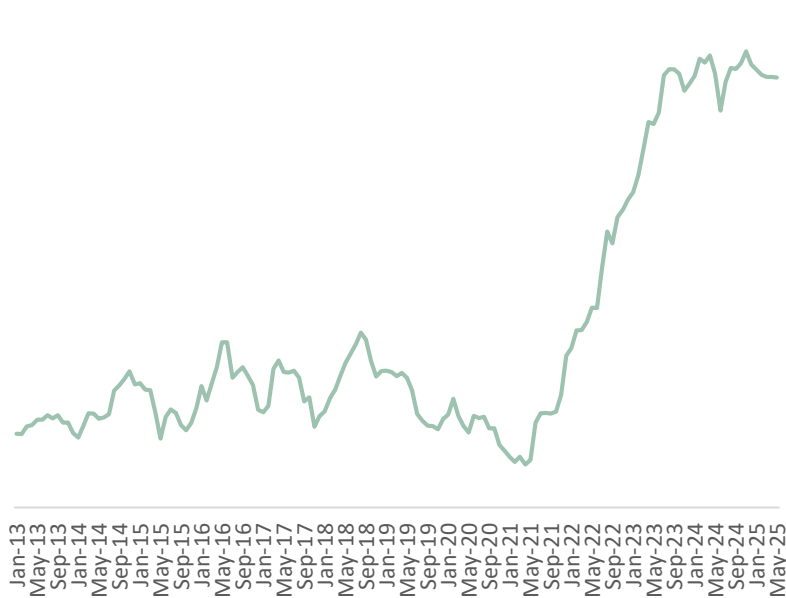
- In April 2025, net remittances were estimated at 263.6 million USD, representing a 6.3 percent annual increase. Relative to corresponding month of 2019, Net Remittances increased by 123.4 percent.
- Net Remittances increased from:
 - USA: 17.7 percent (contributing 3.2 pp to total growth)
 - Italy Republic: 9.6 percent (1.7 pp contribution to overall growth)
 - Germany: 21.4 percent (1.7 pp contribution to overall growth)
- Net Remittances decreased from:
 - Russia: -20.7 percent (-3.8 pp contribution to total growth)
 - Kazakhstan: -47.1 percent (-2.1 pp contribution to total growth)
 - Azerbaijan: -479.5 percent (-0.5 pp contribution to total growth)

Net Remittances by country, %y/y

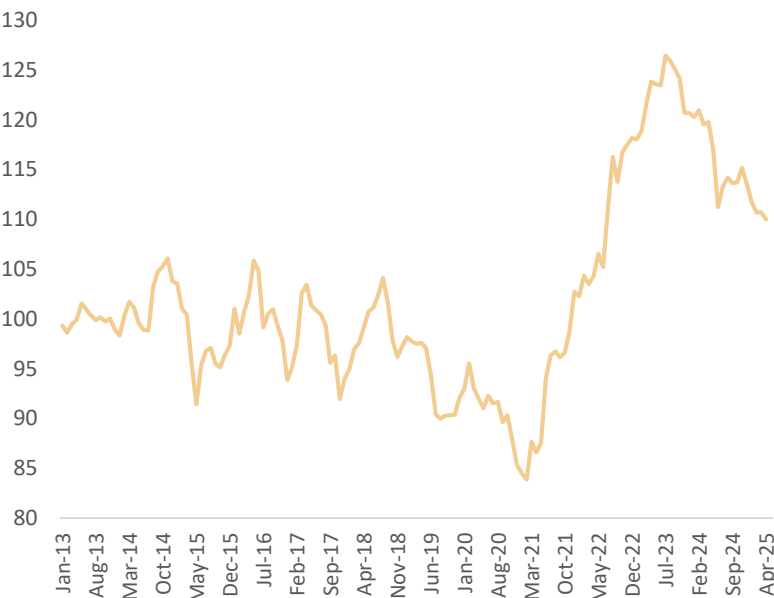


Real Effective Exchange Rate Depreciated by 8.2 percent in April

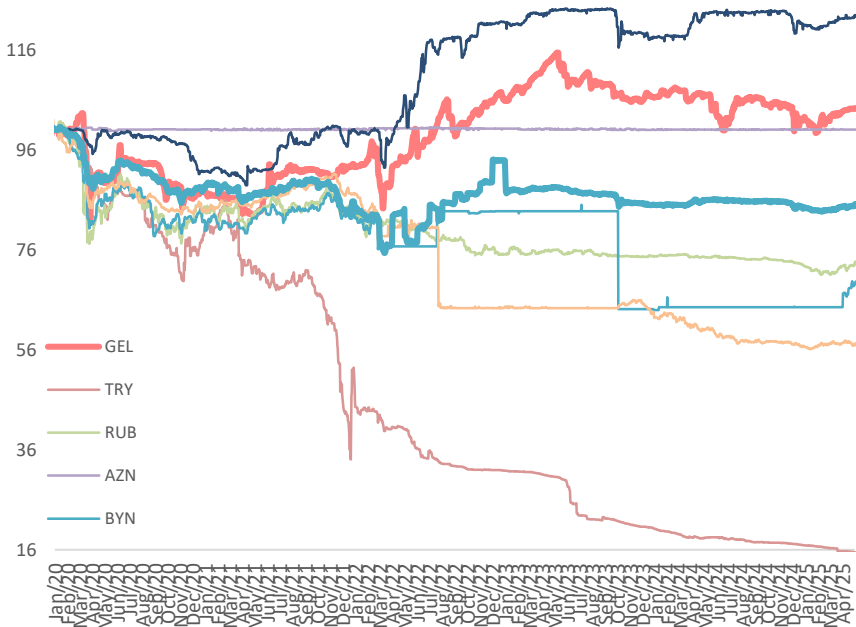
NEER: 2013 = 100



REER: 2013 = 100



USD Exchange Rates May 31, 2025



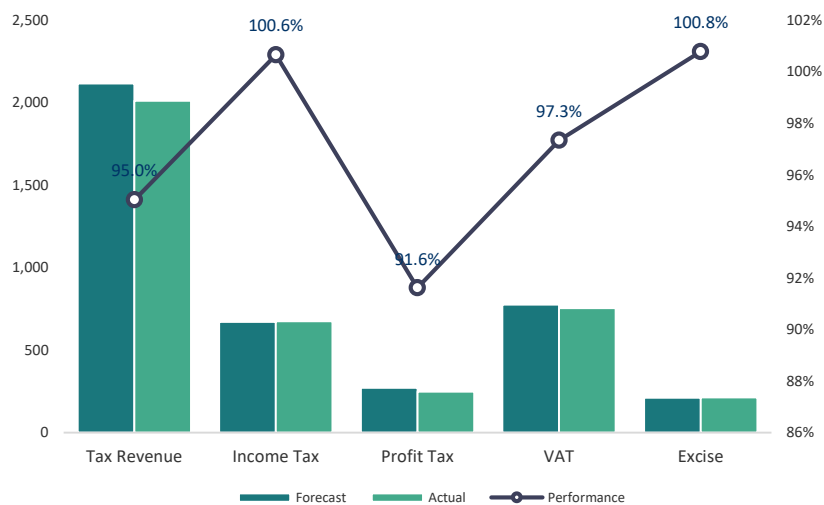
Note: Increase means appreciation

	June 1, 2025		June 1, 2025 - Jan 1, 2025		June 1, 2025 - Jan 1, 2024
Euro	3.0969	▼	-5.4%	▼	-3.9%
US Dollar	2.7334	▲	2.9%	▼	-1.6%
Turkish Lira	0.0697	▲	14.2%	▲	30.6%
Russian Ruble	0.0347	▼	-25.6%	▼	-13.9%
NEER	187.97	▼	-2.6%	▲	0.9%
REER (April 2025)	135.32	▼	-3.1%	▼	-8.9%

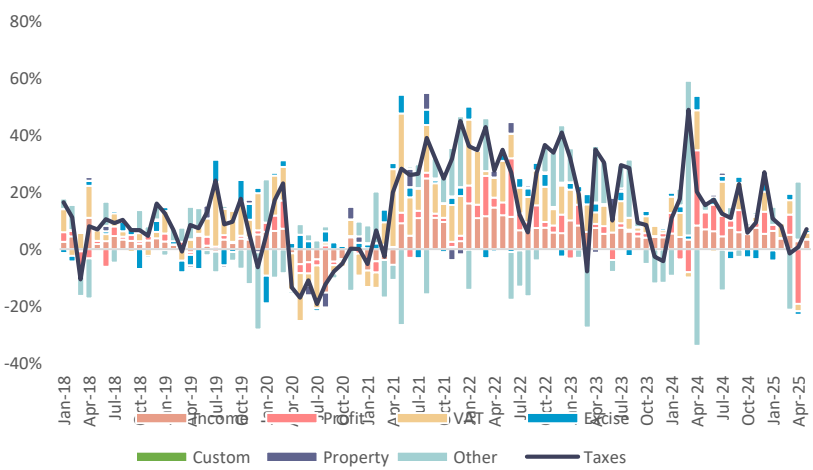
Source: NBG

Tax Revenues in May is Below the Forecast Value by 5 percent

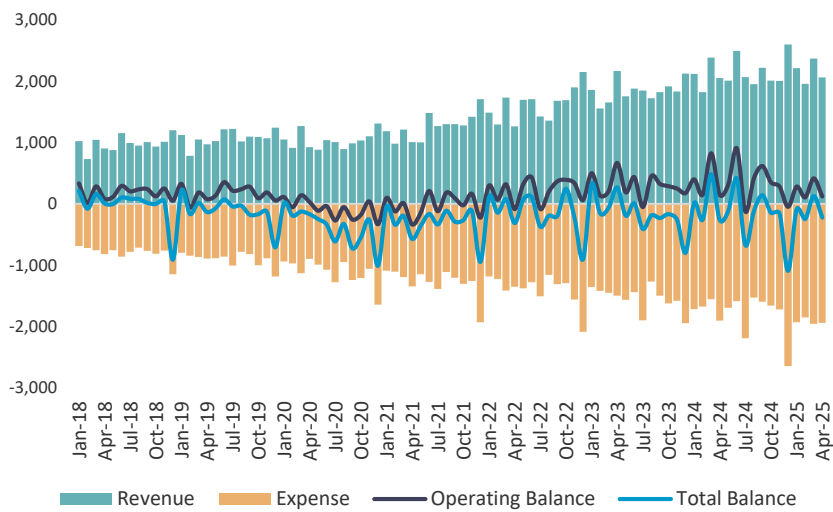
Budget Revenue Performance, May 2025



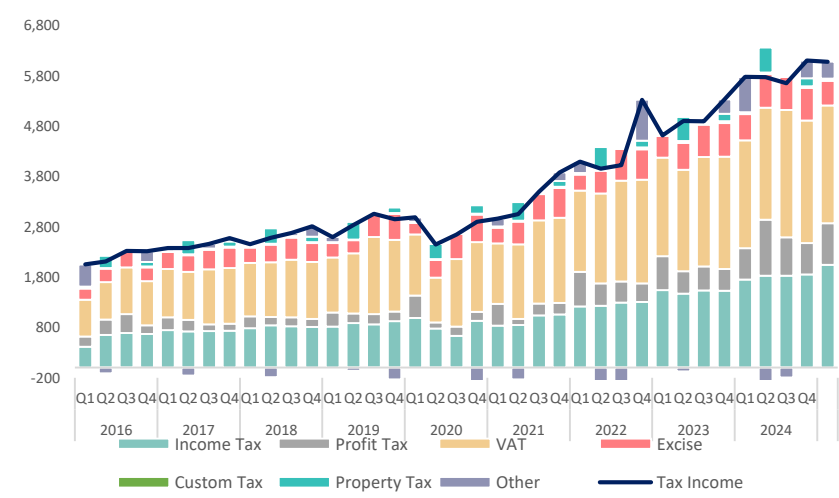
Tax Income, % y/y



Consolidated Budget, mln GEL



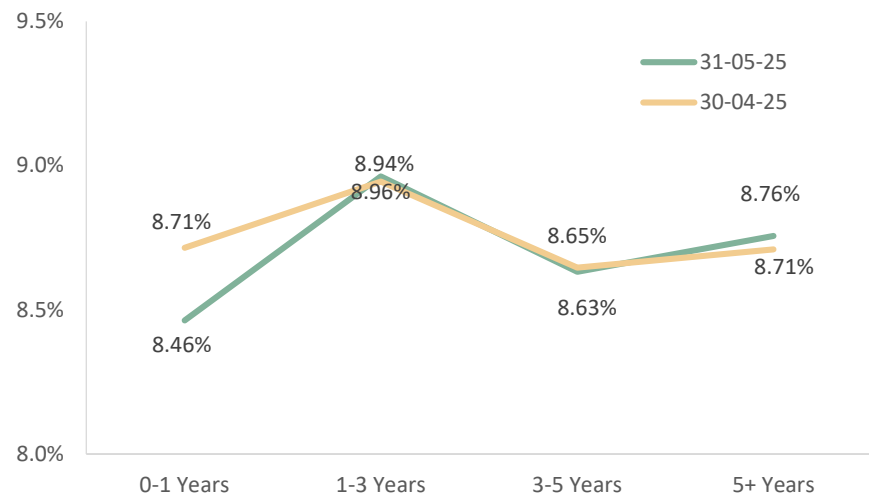
Consolidated Budget Expenditure, mln GEL



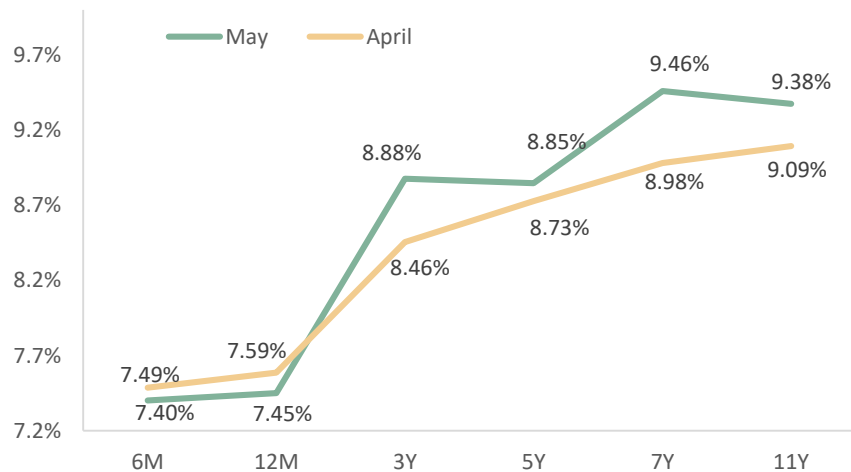
- The actual level of tax income in May 2025 was 2,010 mln GEL, which is 5 percent below the forecasted value.
- Consolidated budget revenues increased by 0.5 percent and expenditures increased by 2 percent in May.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 119.4 million GEL, while the total balance was set at -224.8 million GEL.
- Revenue from taxes had a significant impact on revenue from Profit and Income taxes in May, accounting for 0.2 and 3.4 percent of total growth, respectively.

Treasury Financial Securities Portfolio Changed Significantly in May

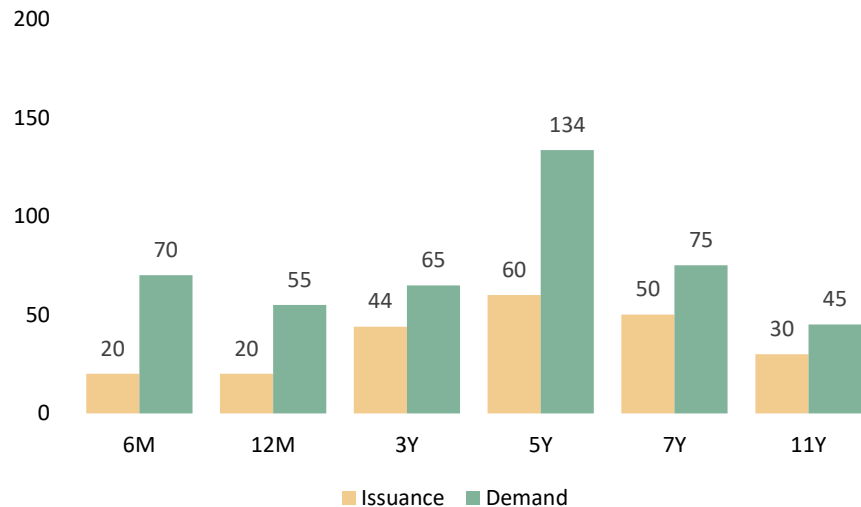
Portfolio Yield Curve



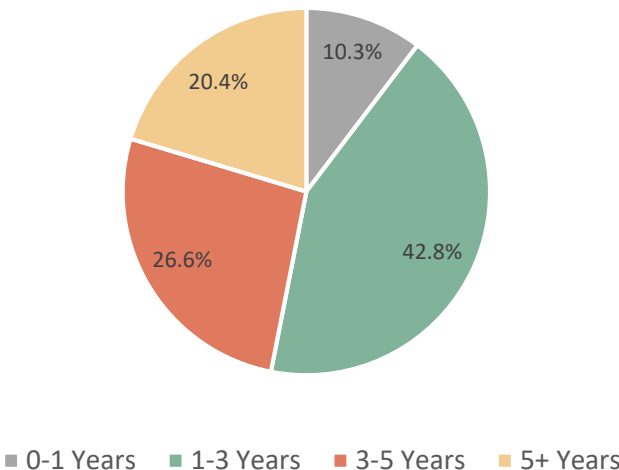
Weighted Average Interest Rates



Issuance and Demand of Treasury Bonds, mln GEL



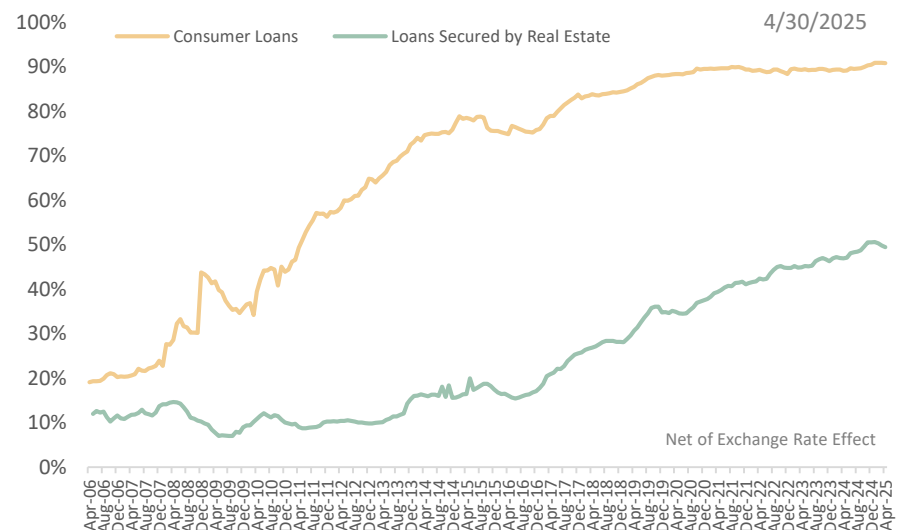
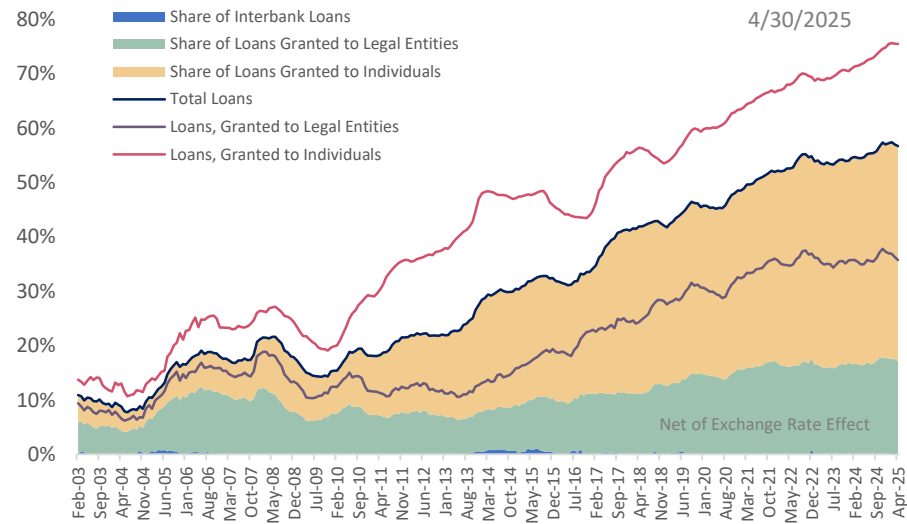
Portfolio by Residual Maturity, May 31, 2025



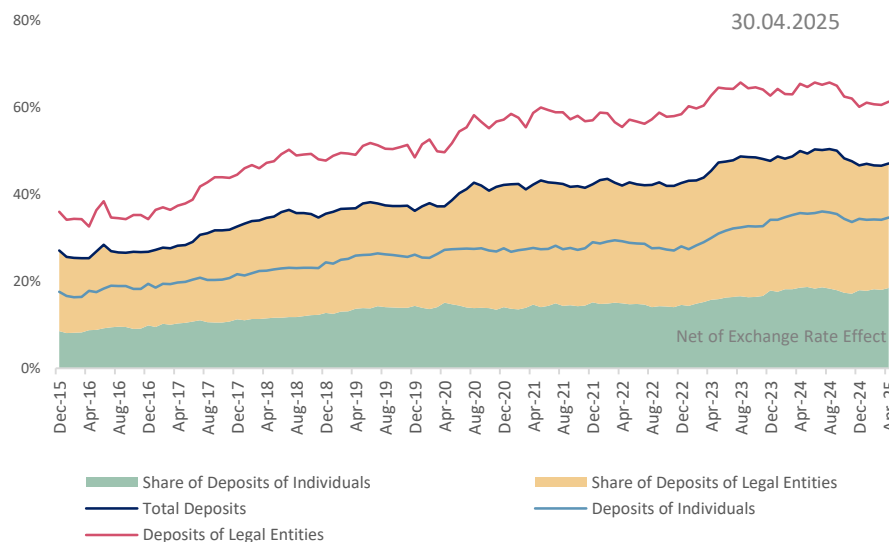
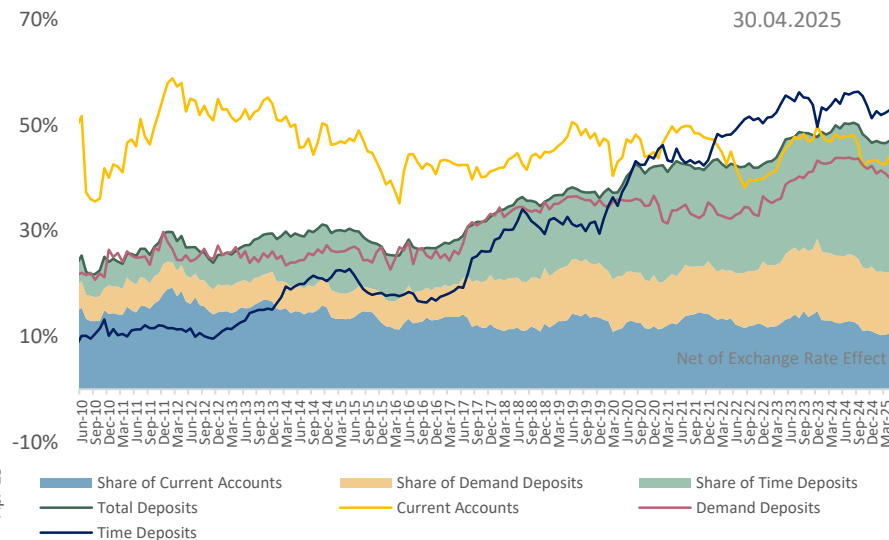
- In May, 2025, 6 issuance and 1 switch auctions were held with the total issuance volume of 275.78 million GEL.
- The weighted average interest rate amounted to 8.93%.
- The treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years were issued. The treasury securities with total amount of 451.25 millions GEL were redeemed.
- As of May 31, 2025 around 42.8% of the treasury securities portfolio is composed of the securities whose maturity date is due for the next 1-3 year. The medium-term state financials securities (with duration 3-5 years) have also a sizable share (at around 26.6%) in the total portfolio.
- The Bid-to-cover ratio increased compared to the previous month's value (April 1.89) and amounted to 1.98 in May.
- In May, the average time to maturity (ATM) for the treasury security portfolio raised and set to 3.74 (April 3.6).

In April Loans Larization Index Reduced and Deposits' One – Raised

Loan Larization



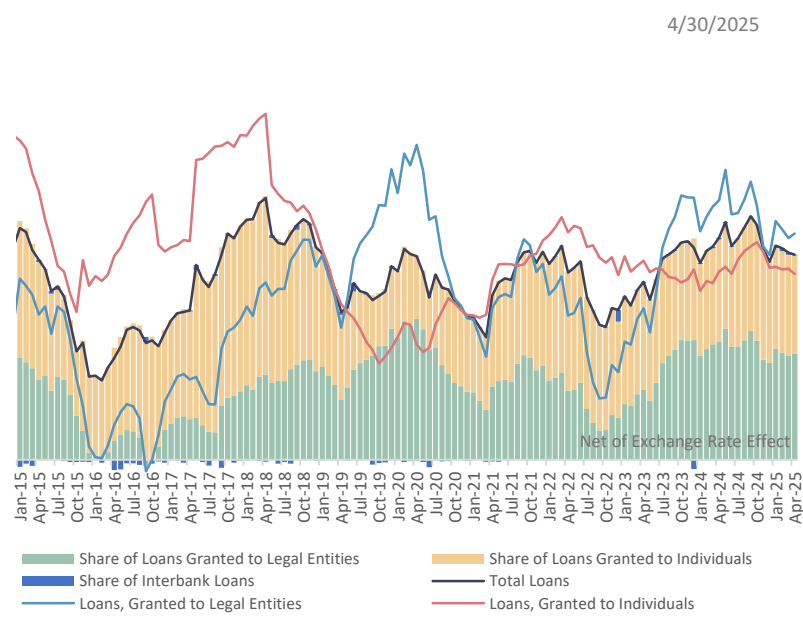
Deposit Larization



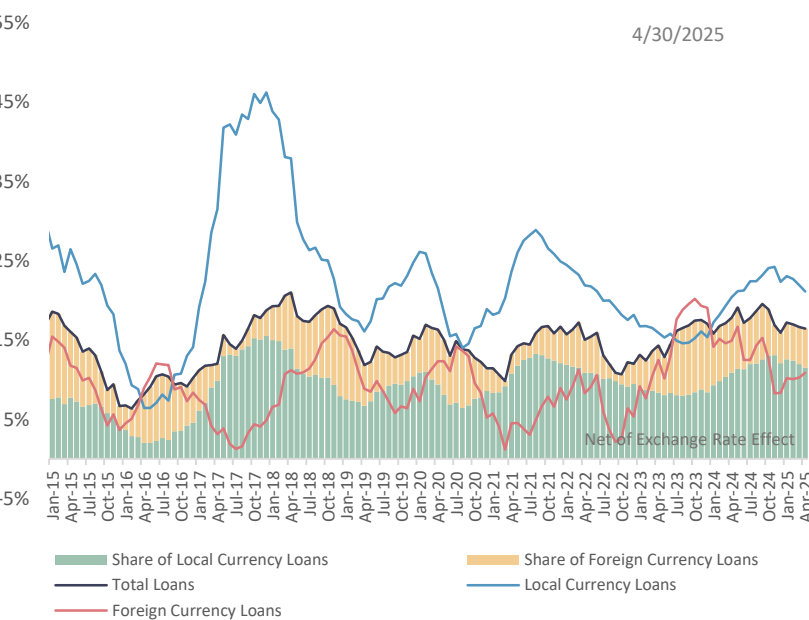
- As of April 30, 2025, the larization of total loans is 56.7 percent.
- The larization of loans to individuals is 75.5 percent.
- The larization of the loans to the legal entities amounted to 35.8 percent.
- The larization of the total deposits equals to 47.1 percent.
- The larization on the deposits of the legal entities amounted to 61.3 percent.
- The larization of the deposits of individuals is 34.7 percent.
- The larization of time deposits is 52.9 percent.
- The larization of the current accounts equals to 44.2 percent.
- The larization of the demand deposits is 40.0 percent.

In April Loans Annual Growth Rates Remained at a High Level

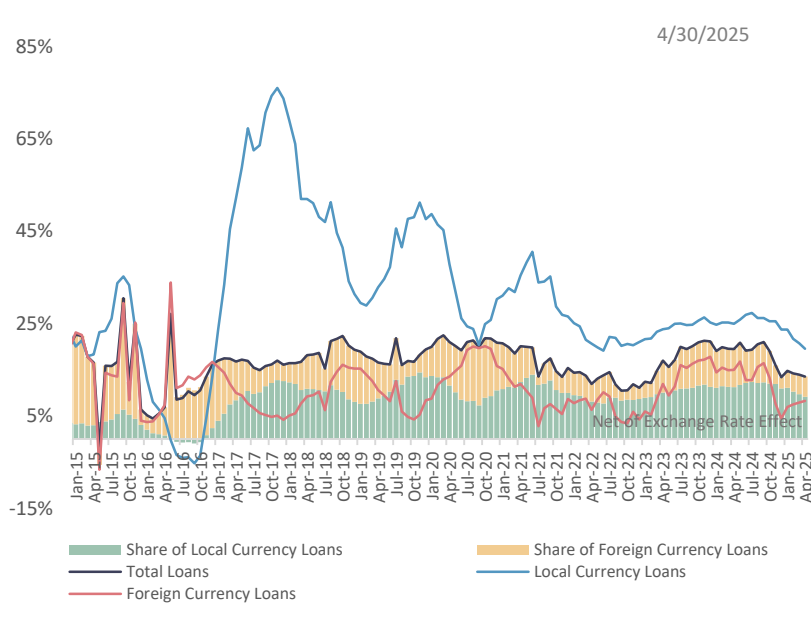
Loans Growth Rates, % y/y



Loans by Currency, % y/y



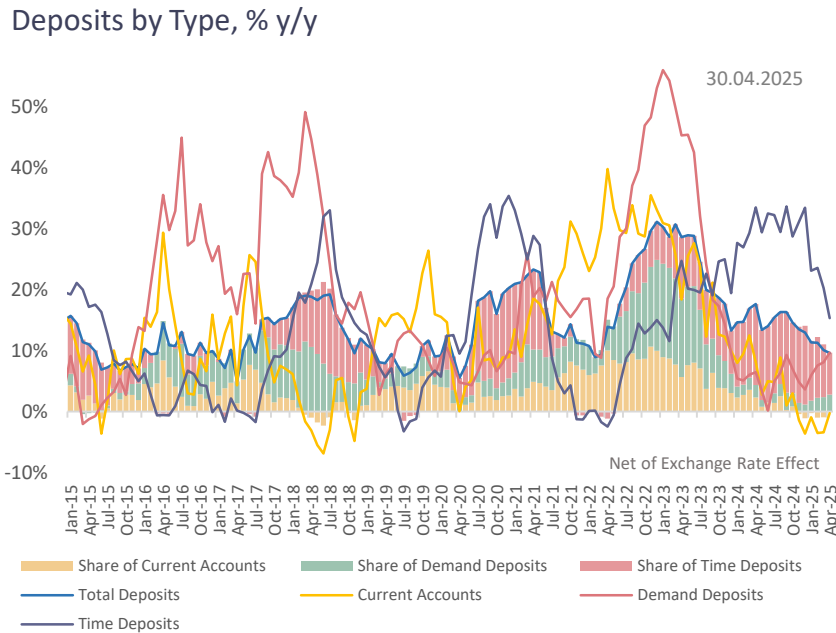
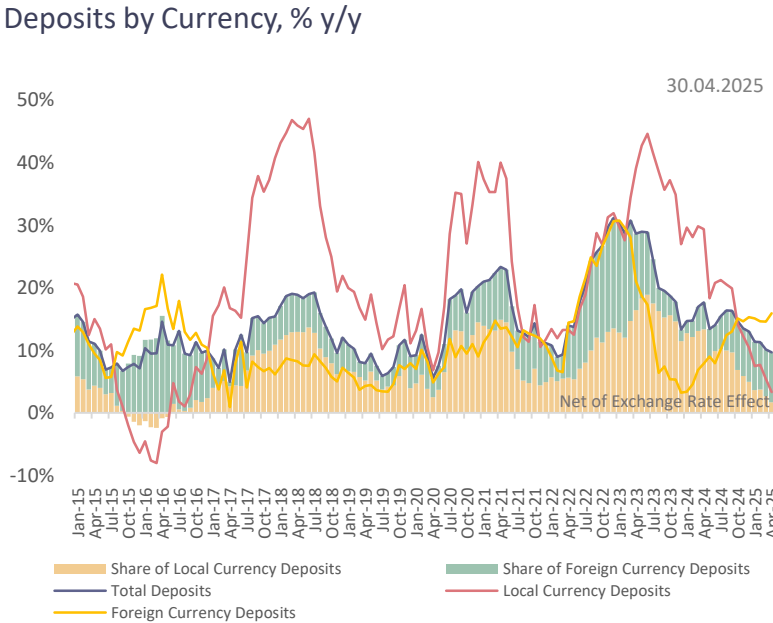
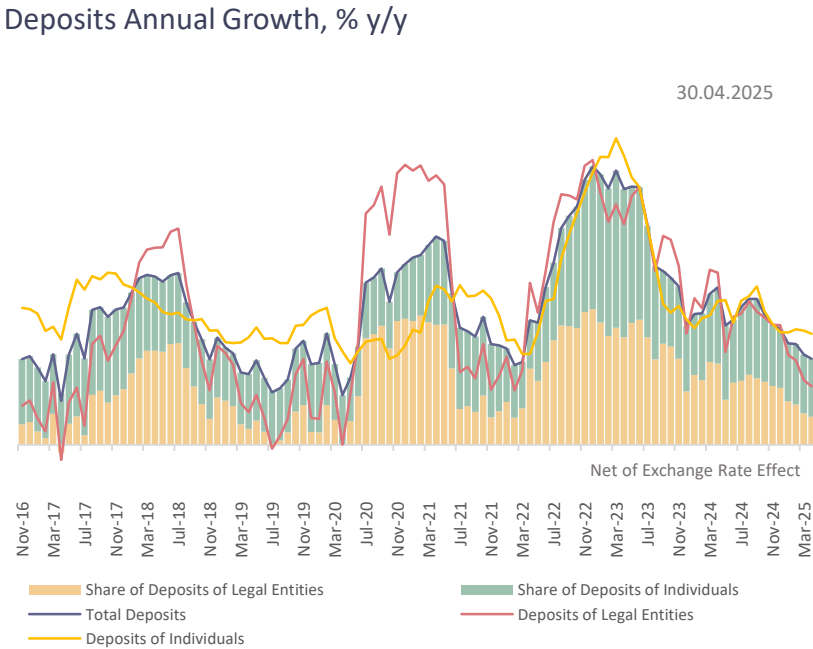
Mortgage Loans, % y/y



- As of April 30, 2025, the total loans increased by 16.5 percent compared to the corresponding period of 2024 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 18.2 percent.
- The annual growth of loans to individuals is 14.9 percent.
- As of May 1, 2025, the growth rate of the loans denominated in the national currency amounted to 21.2 percent.
- The annual growth of loans denominated in foreign currency amounted to 10.9 percent.
- As of April 30, 2025, the annual growth of loans secured by real estate amounted to 13.5 percent. At the same time, the mortgage loans denominated in national currency increased by 19.5 percent, while the mortgage loans denominated in the foreign currency increased by 8.2 percent.

Source: NBG

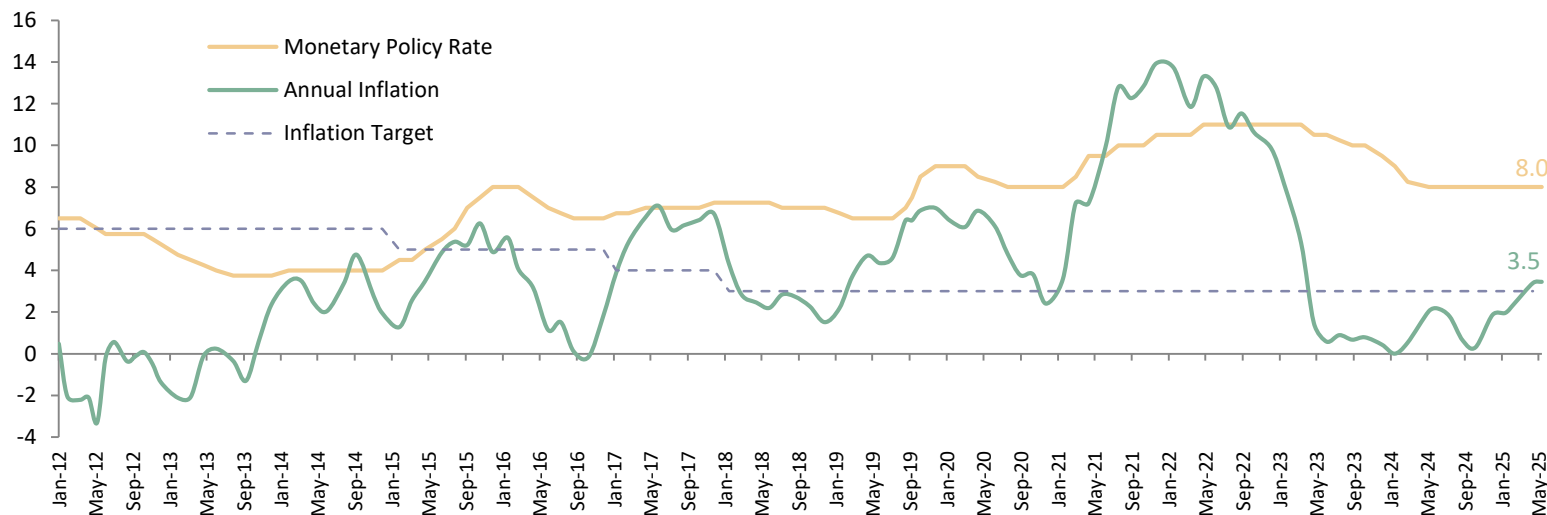
In April GEL Nominated Deposits Annual Growth Rates Decreased and Foreign Currency Nominated Ones Grew



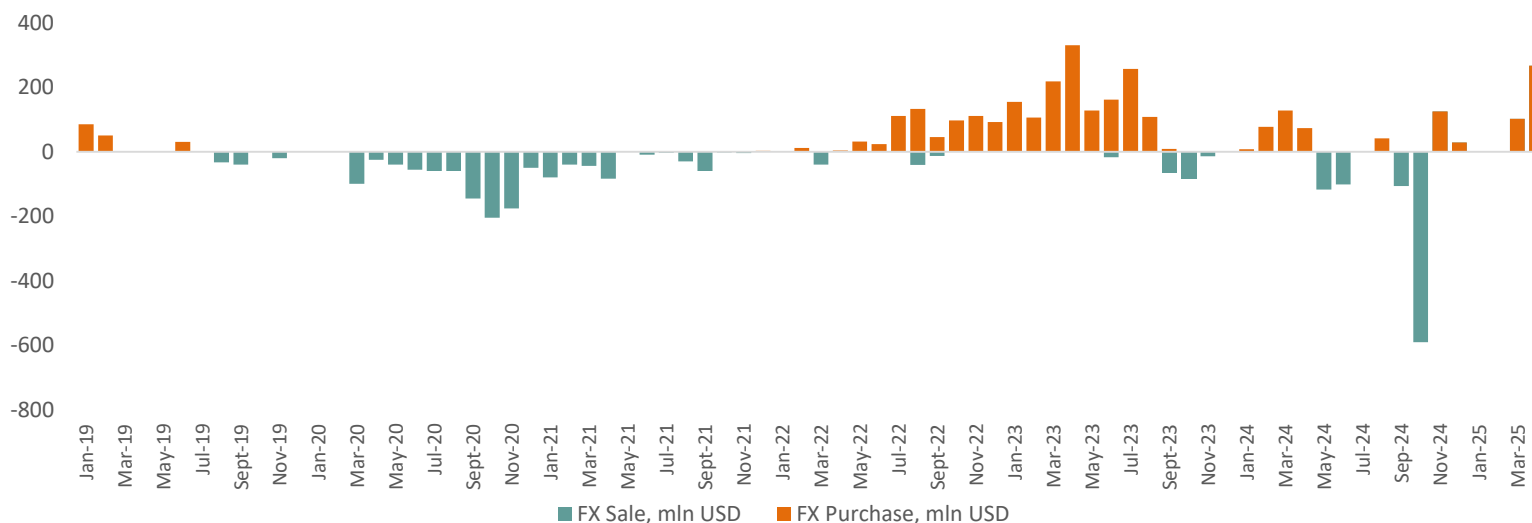
- As of April 30, 2025, the growth of the total deposits compared to the corresponding period of the previous year is 9.6 percent.
- The annual growth of the deposits denominated in the national currency amounted to 3.3 percent. The annual growth of the deposits denominated in foreign currency stood at 15.9 percent over the same period.
- The growth of deposits of individuals amounted to 12.5 percent, while the annual growth of deposits of legal entities in the same period amounted to 6.6 percent.
- The annual growth of current accounts at the end of April, 2025, was equal to -0.2 percent (a reduction).
- The annual growth of the time deposits was 15.4 percent.
- The growth of the demand deposits amounted to 9.7 percent.

Monetary Policy Rate Was at 8 percent Level in May

Inflation and Monetary Policy Rate



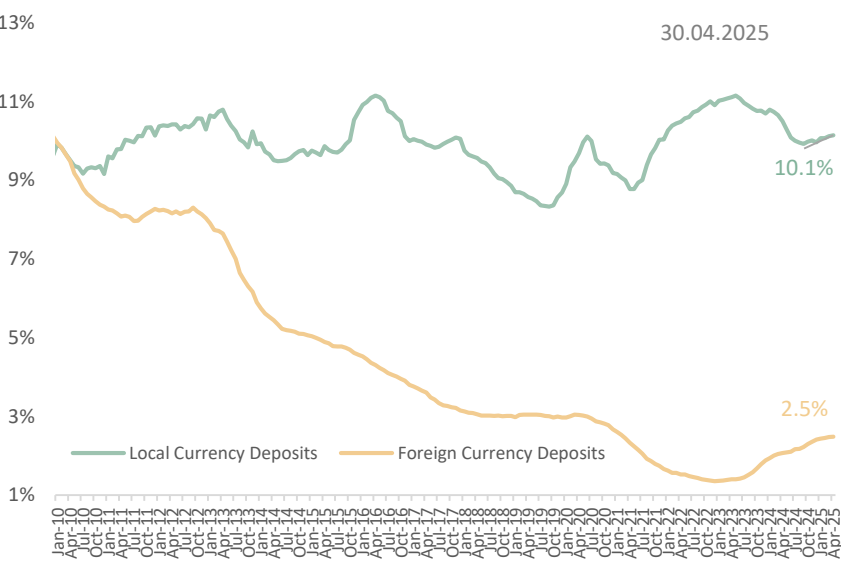
Trade of USD by NBG, mln USD



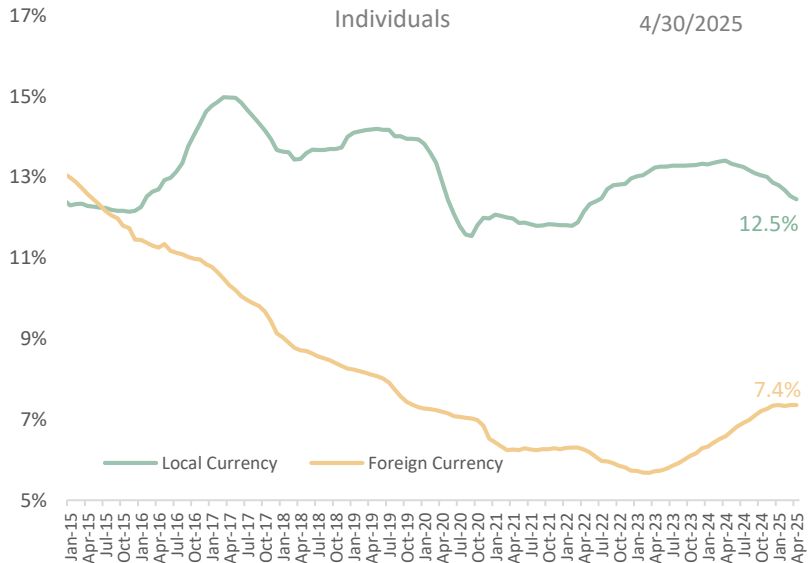
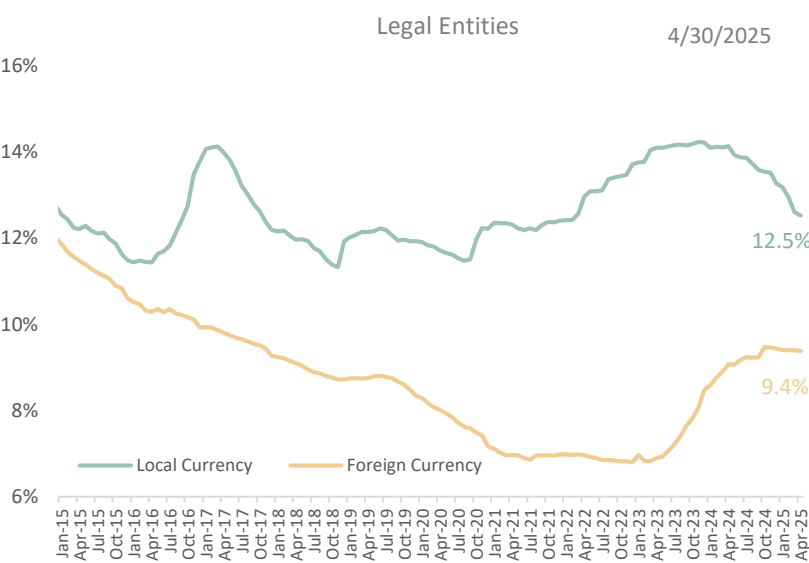
- The Monetary Policy Committee of the National Bank of Georgia (NBG) conducted a meeting in May 7, 2025. The committee decided not to change the refinancing rate and remained it at 8 per cent level.
- According to the NBG, the actual inflation is remained close to the target level (3 percent). There are a few internal and external factors that determine moderate level of Inflation in Georgia. A high economic activities and greater production potential are significant internal factors. These tendencies mitigate inflationary pressure in the country. As for the external ones, the following factors are worth mentioning in this regard: a rise in international food prices, a depreciation of USD, a high level of international uncertainty, and a downward trend of the oil prices. The global depreciation of the US Dollar and the decline in oil prices at some degree neutralize the pressure on prices raised from the higher international food prices, the global uncertainty and the strong domestic aggregate demand. According to the NBG's assessments, the inflation in Georgia is expected to exceed the target one temporarily in 2025 and will stabilize around 3% in the medium term. The inflation was 3.5 percent in May of 2025. It is also worth underling that the average inflation in 2024 was at 1.1 percent level.
- The next meeting of the Monetary Policy Committee will be held on June 18, 2025.
- The NBG did not intervene in the foreign exchange markets by exchange auctions in April.

Market Interest Rates on Short-term Consumer Loans Denominated in GEL Reduced (Y/Y) in April

Interest Rates on Deposits



Interest rates on Loans secured by Real Estate



- As of May 1, 2025, the interest rate on foreign currency deposits was 2.5 percent, and in national currency – 10.1 percent (an increase).
- The weighted average interest rate on deposits in the national currency by legal entities was 10.5 percent, and in foreign currency – 3.0 percent (an increase).
- The average annual interest rate on deposits by individuals is 2.5 percent for foreign currency deposits and 10.1 percent for national currency deposits.
- The weighted average annual interest rate on short-term consumption loans was 12.2 percent (15.5 percent in national currency and 6.4 percent in foreign currency).
- The weighted average annual interest rate on long-term consumption loans was 16.0 percent (16.8 percent in national currency and 7.7 percent in foreign currency).
- At the end of April, 2025, the interest rate on mortgage loans denominated in local currency issued to legal entities was 12.7 percent, and in the foreign currency 9.2 percent. The interest rate on the loans to individuals in the national currency was 12.5 percent, and in foreign currency 7.7 percent.

Source: NBG

Disclaimer

The publication was prepared by the Macroeconomic Analysis and Fiscal Policy Planning Department of the Ministry of Finance of Georgia. The information and opinions contained in this publication represent the views of the authors - the economic team of the Macroeconomic Analysis and Fiscal Policy Planning Department and do not represent the official position of the Ministry of Finance of Georgia. The analytical information provided in the publication serves informational purposes and is obtained from public sources. The forecasts and calculations given in the report should not be taken as a promise, reference or guarantee.

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