



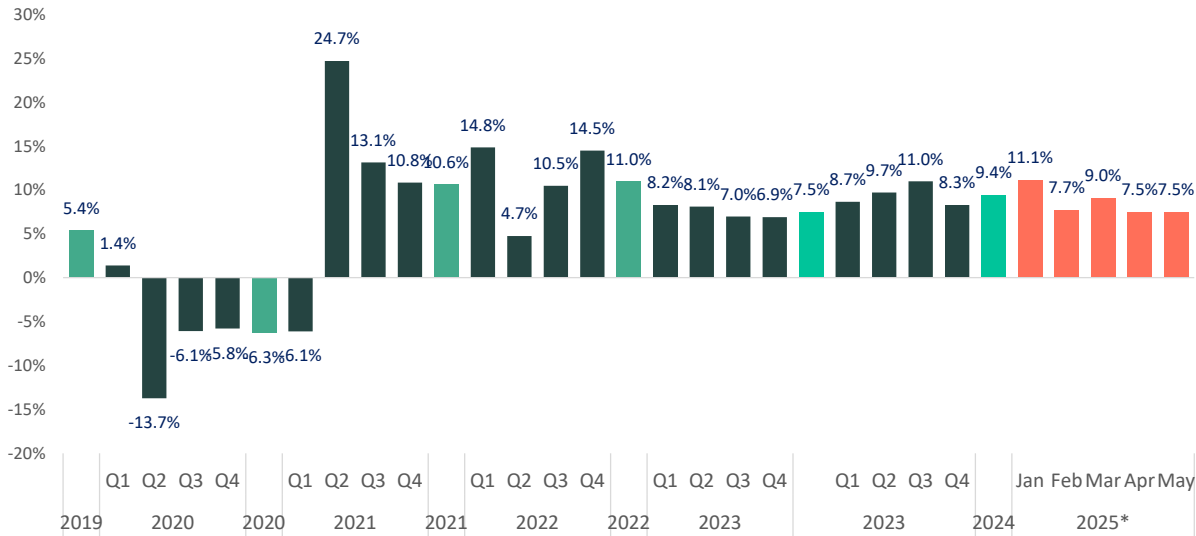
# Current Economic Outlook

June, 2025

- In May 2025, the real GDP growth rate was 7.5 percent and average growth rate of the first five months of 2025 was 8.8 percent, according to the preliminary estimates of the National Statistics Office.
- In June, annual inflation stood at 4.0 percent, while core inflation was 2.4 percent
- In May, exports increased by 15.7 percent year-on-year and imports decreased by 5.1 percent year-on-year, decreasing the trade deficit by 16.5 percent year-on-year to 762.1 million USD
- For May, the real effective exchange rate depreciated by 6.0 percent compared to the same period of the previous year and is unchanged compared to the previous month
- The monetary policy rate is at 8 percent in June
- By the end of June, sovereign ratings for Georgia are following:  
Fitch “BB negative”   S&P “BB stable”   Moody’s “Ba2 negative”

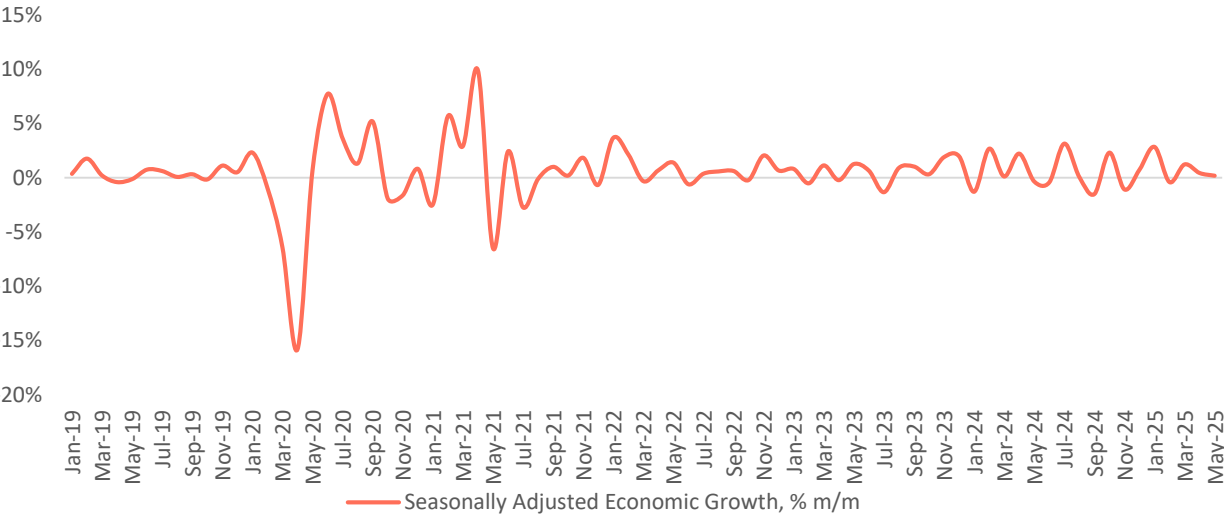
# According to Preliminary Estimates Economic Growth in May was Equal to 7.5 percent

Economic Growth, % y/y

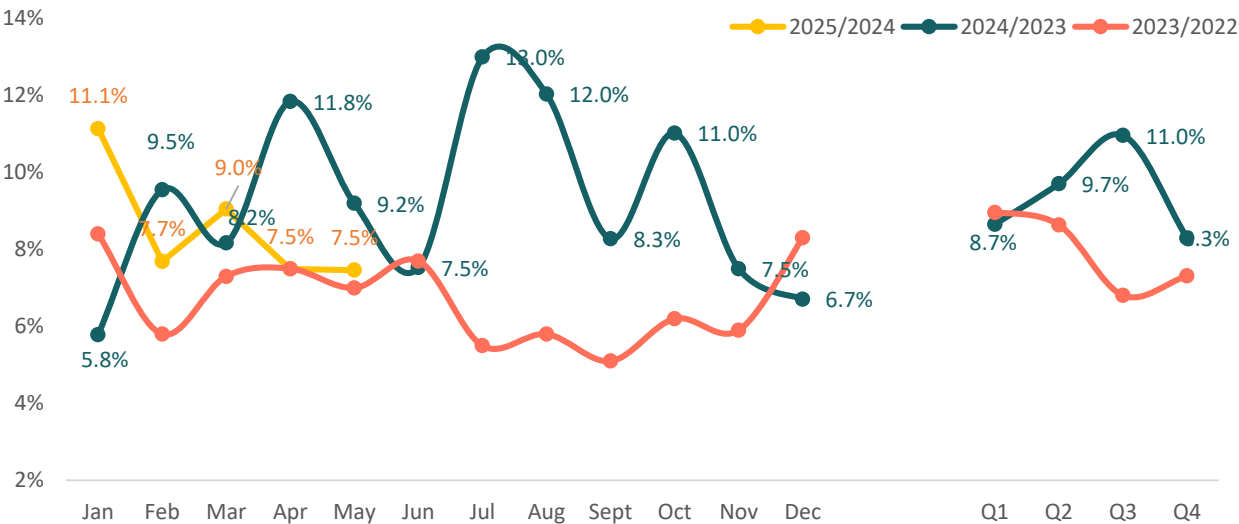


- Estimated real GDP growth rate in May 2025 equaled 7.5 percent YoY, while the seasonally adjusted economic growth in May comparing to the previous month was 0.2 percent. Average annual real GDP growth rate for the five months of 2025 equals to 8.8 percent.
- In May 2025 the estimated real growth compared to the same period of the previous year was observed in the following activities: Information and Communication, Manufacturing, Trade, Transportation and storage, Construction.

Economic Growth, % m/m

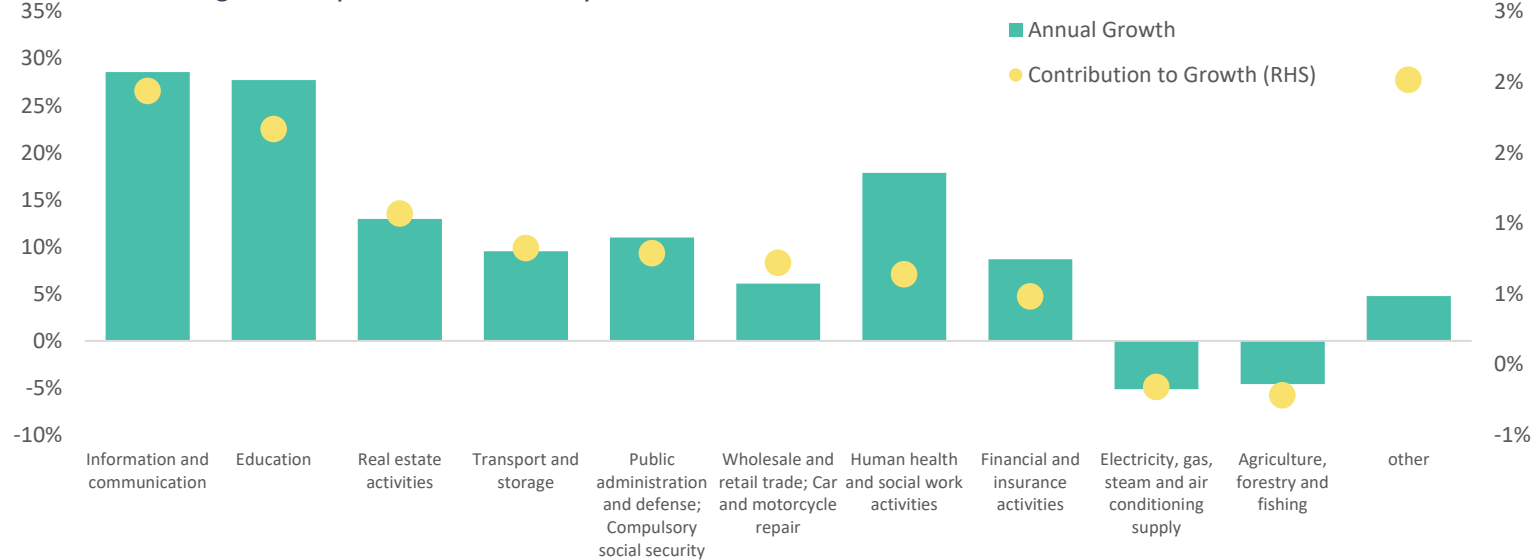


Economic Growth, 2025-2022



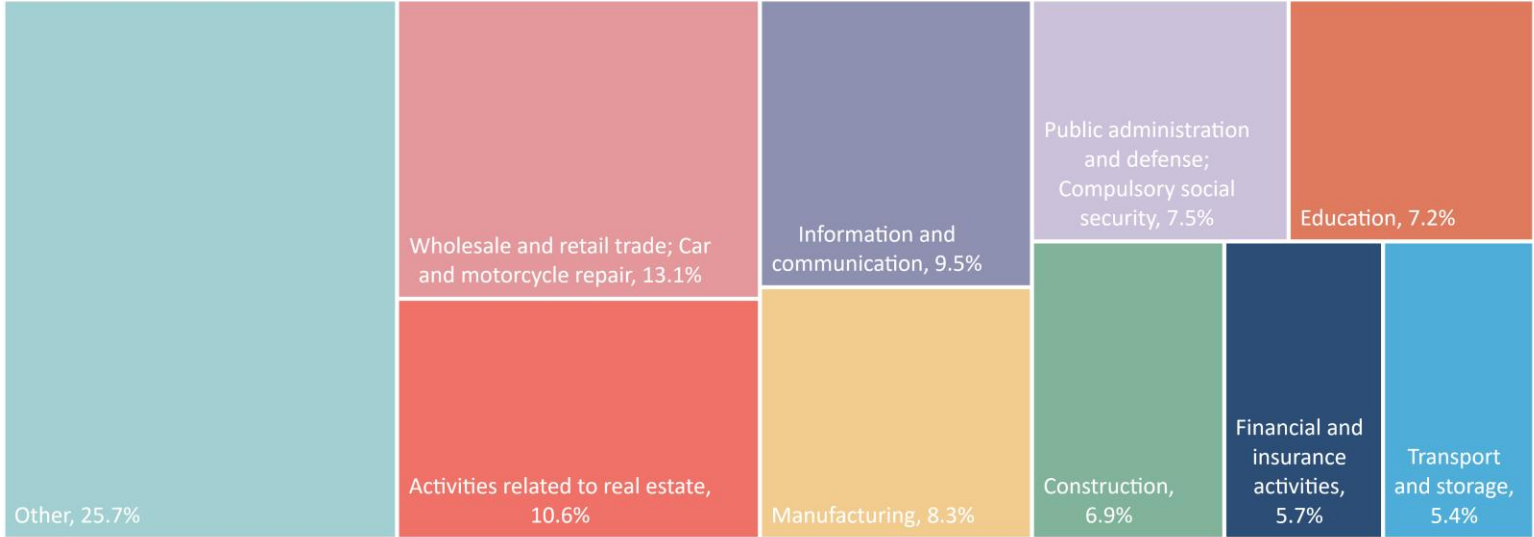
# According to Preliminary Estimates, Real GDP Increased by 9.8 percent in the First Quarter of 2025

Real GDP growth by economic activity, 2025 I Quarter



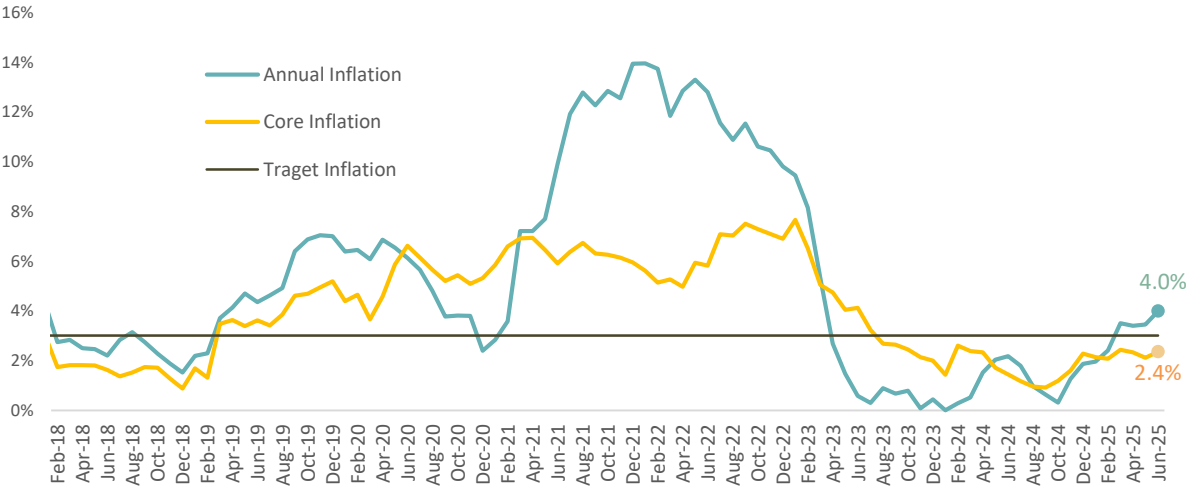
- According to preliminary estimates, the economy grew by 8.3 percent in the fourth quarter of 2024, and growth in the first three quarters was set at 8.7, 9.7 and 11.0 percent. Growth in the fourth quarter of 2024 represents a 38.9 percent increase over the fourth quarter of 2019.
- The following industries have made a significant contribution to growth of Q1 2025:
  - Information and communication: 28.6% (1.9 p.p.)
  - Education: 27.7% (1.7 p.p.)
  - Real estate activities: 12.9% (1.1 p.p.)
  - Transport and storage: 9.5% (0.8 p.p.)
  - Public administration and defense: 11.0% (0.8 p.p.)
  - Wholesale and retail trade: 6.1% (0.7 p.p.)
- The following sectors made a significant contribution to the decrease:
  - Agriculture, forestry and fishing: -2.6% (-0.2 pp.)

GDP by economic activity, 2025 I Quarter

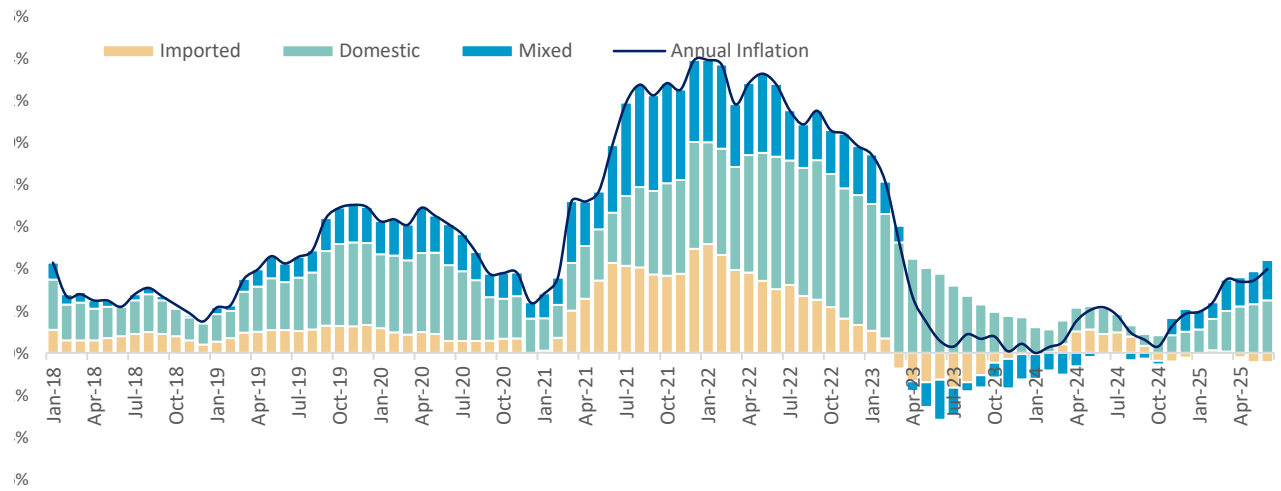


# Annual Inflation in June has Reached 4.0 percent

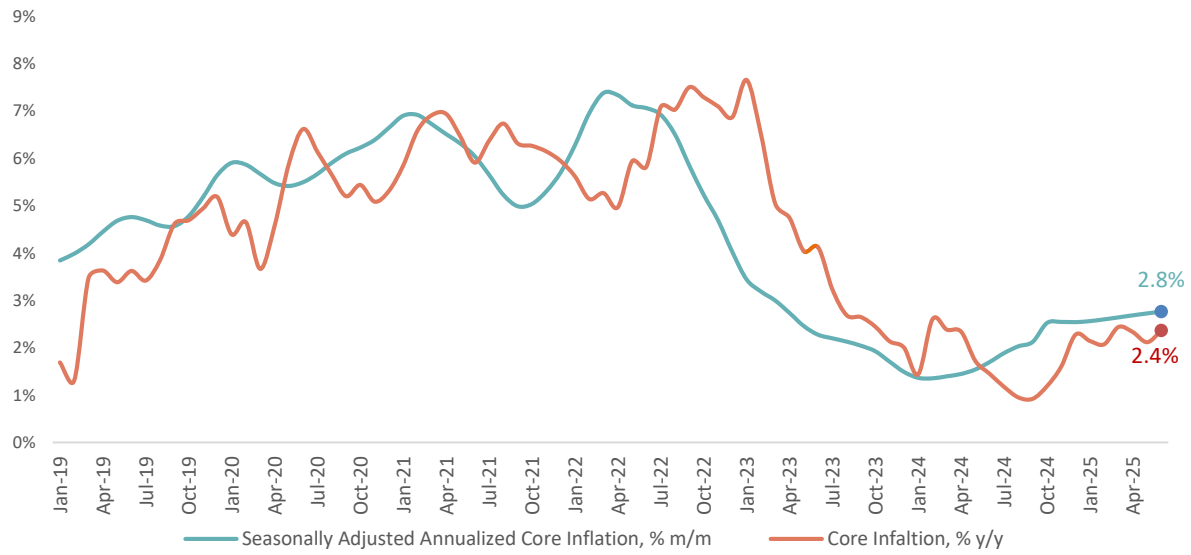
Total and Core Inflation, % y/y



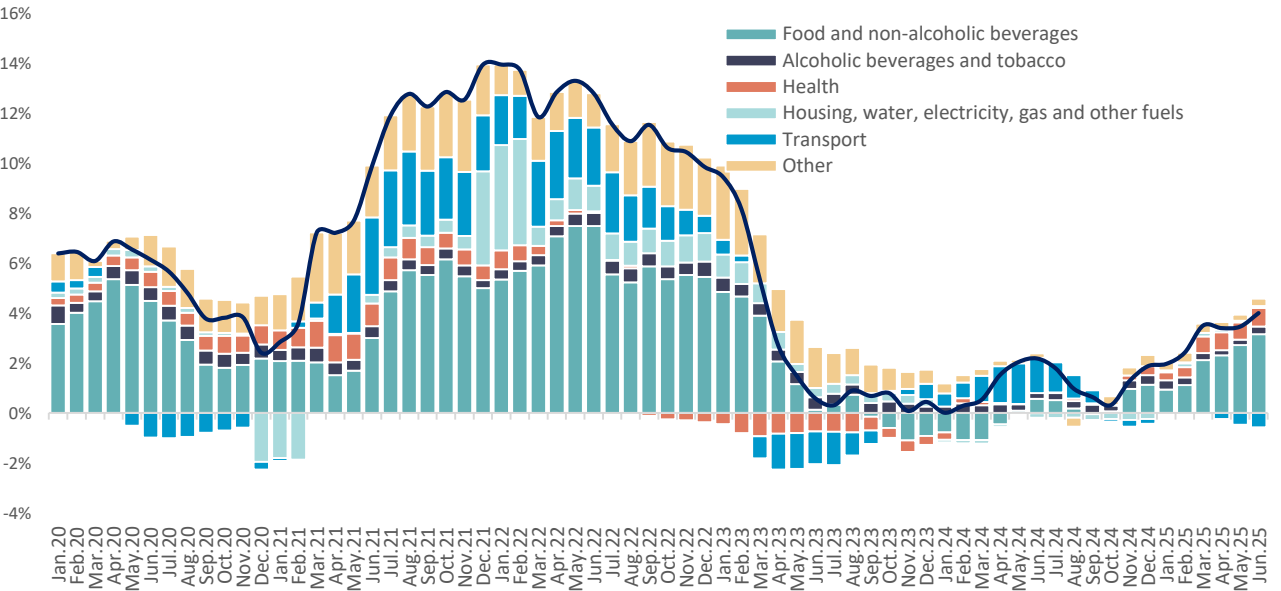
Inflation Decomposition



Core Inflation, % m/m



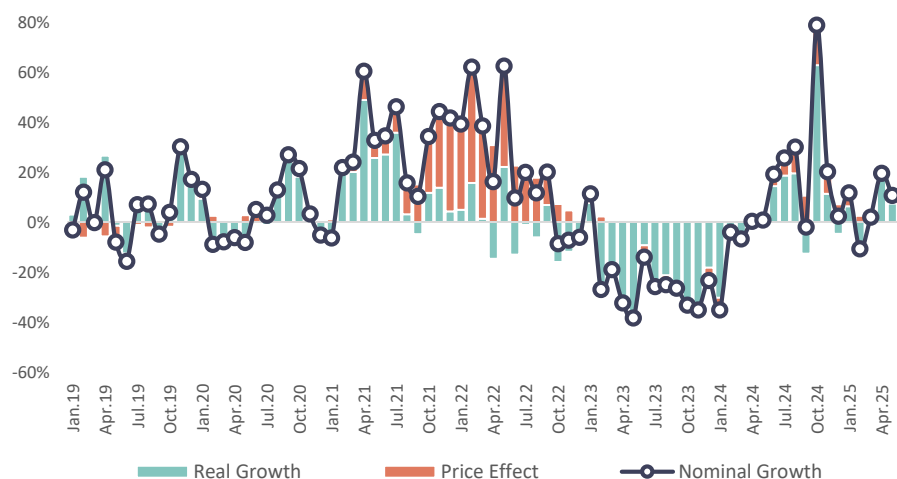
Inflation Decomposition by product group



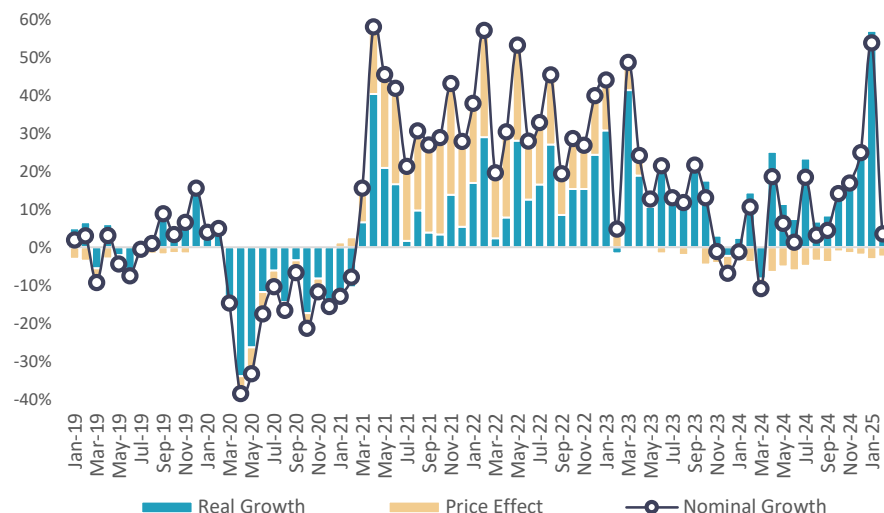
Source: Geostat, NBG, MOF

# Trade Deficit in May decreased by 16.5 percent Annually

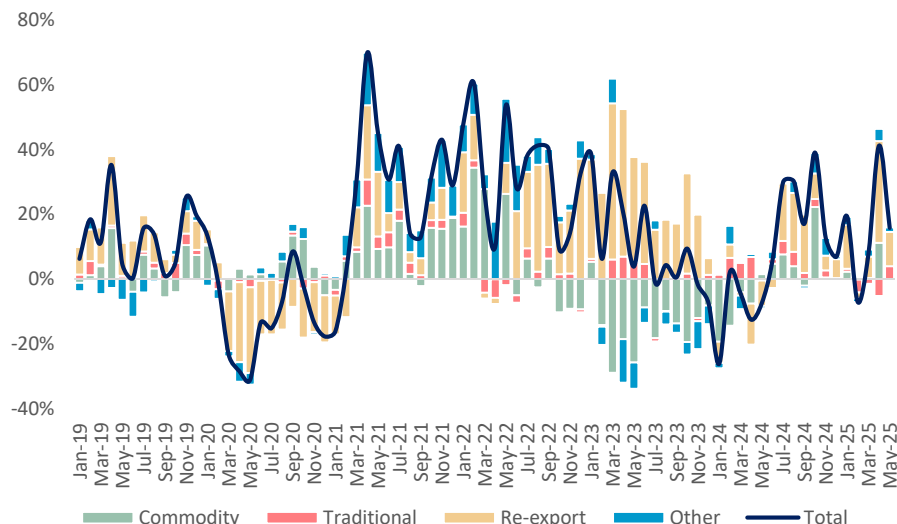
## Change of Domestic Export, %y/y



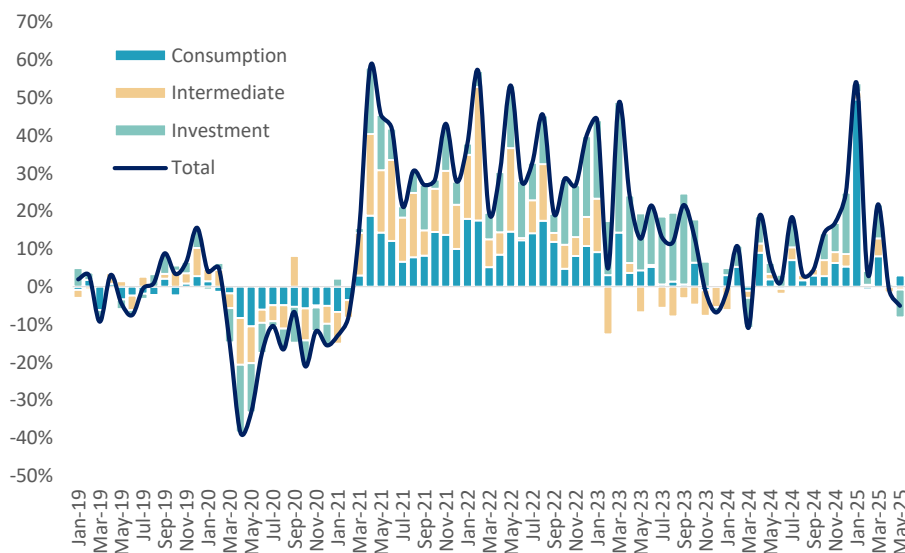
## Change of Import, %y/y



## Decomposition of Export



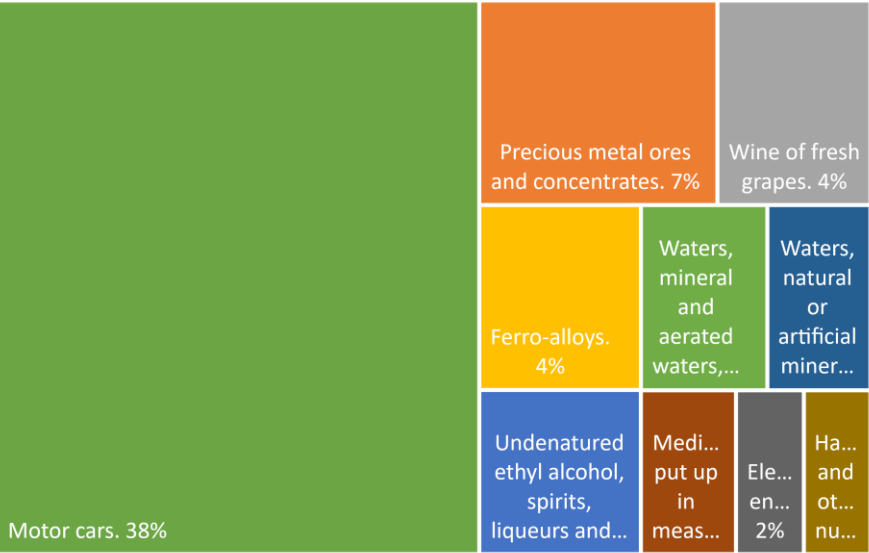
## Decomposition of Change of Import, %y/y



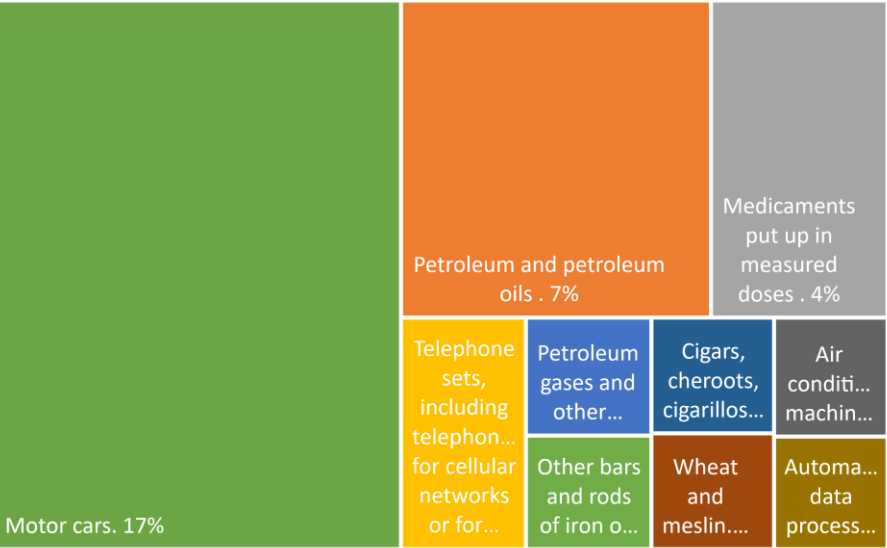
- Export in May increased annually by 15.7 percent to 580.1 million USD.
- Domestic export increased annually by 10.6 percent to 267.6 million USD.
- Import annually decreased by 5.1 percent to 1 342.2 million USD in May.
- Trade deficit annually decreased by 16.5 percent to 762.1 million USD.
- Share of re-export in export growth is equal to 10.6 percent (20.5 %y/y), while share of commodity product export is -0.2 percent (-1.1 %y/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to -7.3, -0.8 and 3.0 percent, respectively.

# International Trade is Characterized by Stable Diversification

Top 10 Export goods, % of total Export

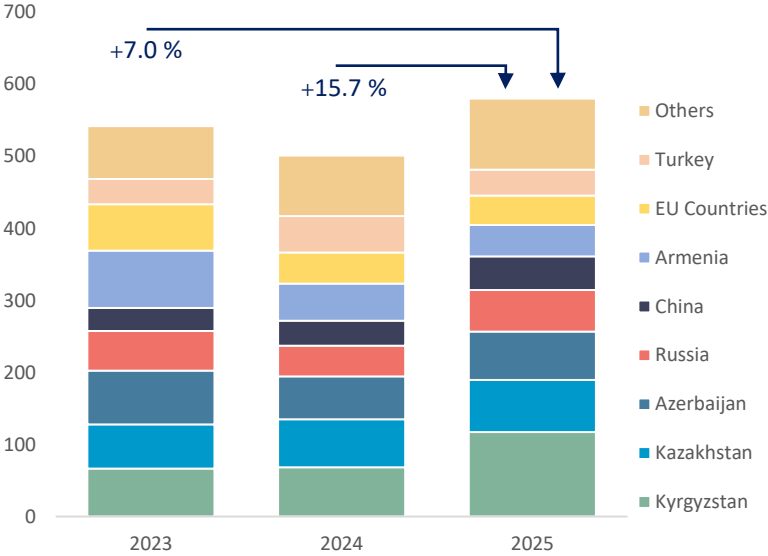


Top 10 Import goods, % of total Import

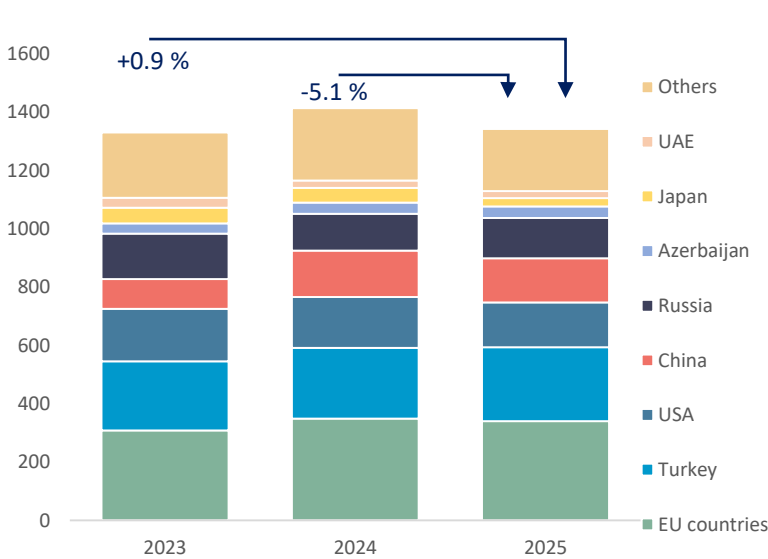


Source: Geostat

Export by country, May



Import by country, May



## Top Export Products:

- Motor cars: 220.7 million. USD – 38.0 percent of total exports.
- Precious metal ores and concentrates: 6.9 mln. USD – 7.0 percent of total exports.
- Wine of fresh grapes: 25.9 million USD – 4.5 percent of total exports.

## Top Import Products:

- Motor cars: 223.2 million. USD – 16.6 percent of total imports.
- Petroleum and petroleum oils: 98.0 million US dollars – 7.3 percent of total imports.
- Medicaments: 55.9 million USD – 4.2 percent of total imports.

## Top Export Country:

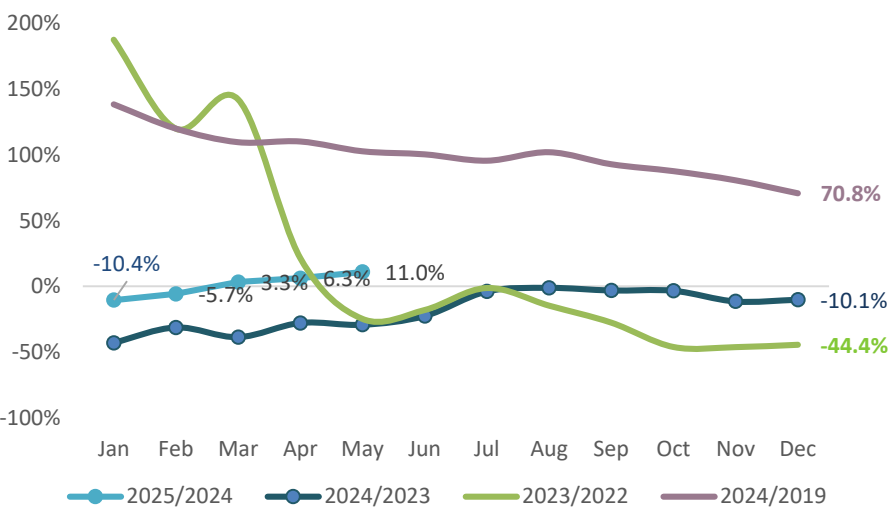
- Kyrgyzstan: 137.5 million USD – 23.7 percent.
- Kazakhstan : 72.2 million USD – 12.5 percent.
- Azerbaijan: 67.3 million USD – 11.6 percent.

## Top Import Country:

- European Union: 339.9 million. USD – 24.3 percent.
- Turkey: 245.1 million USD – 17.5 percent.
- USA: 153.4 million USD – 11.0 percent.

# Net Remittances Increased by 11.0 percent in May 2025

Net Remittances, 2025-2019

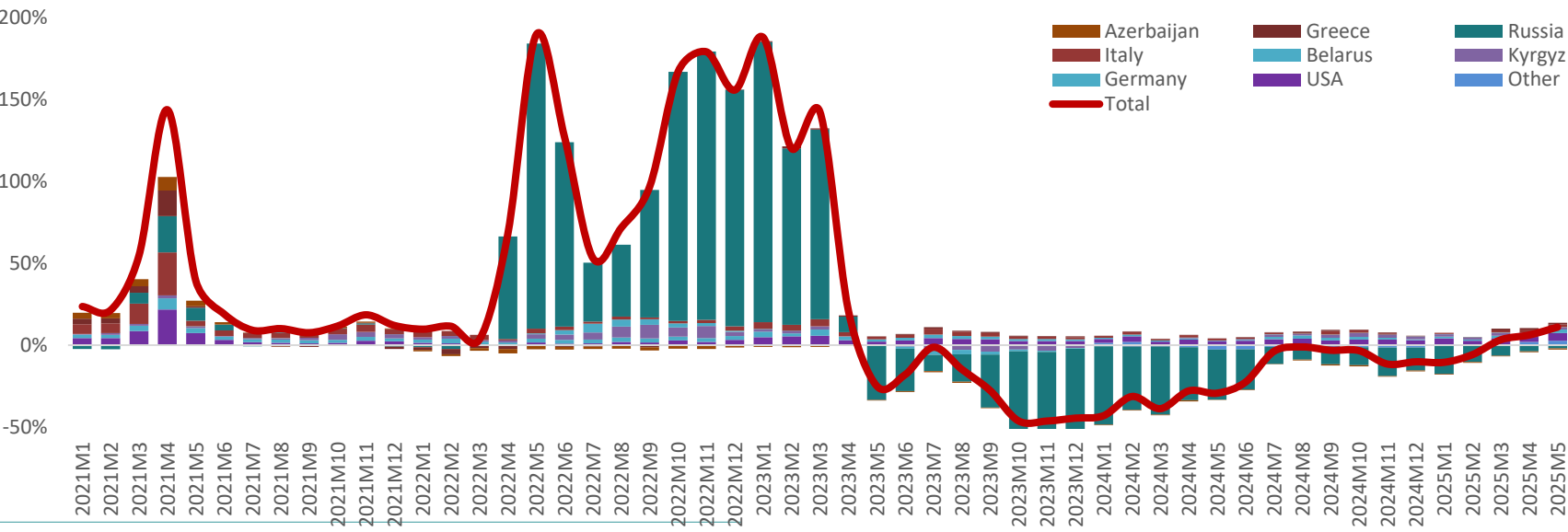


Net Remittances, May 2025

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	58.0	25.8	4.7
Italy	51.6	9.5	1.8
Russia	39.5	-11.2	-2.0
Germany	26.3	25.9	2.1
Israel	23.3	10.4	0.9
Greece	23.1	12.5	1.0
Other	60.5	12.1	2.6

- In May 2025, net remittances were estimated at 282.2 million USD, representing a 11.0 percent annual increase. Relative to corresponding month of 2019, Net Remittances increased by 125.2 percent.
- Net Remittances increased from:
  - USA: 25.8 percent (contributing 4.7 pp to total growth)
  - Germany: 25.9 percent (2.1 pp contribution to overall growth)
  - Italy: 9.5 percent (1.8 pp contribution to overall growth)
- Net Remittances decreased from:
  - Kazakhstan: -49.0 percent (-2.0 pp contribution to total growth)
  - Russia: -11.2 percent (-2.0 pp contribution to total growth)
  - Azerbaijan: -1236.7 percent (-0.7 pp contribution to total growth)

Net Remittances by country, %y/y

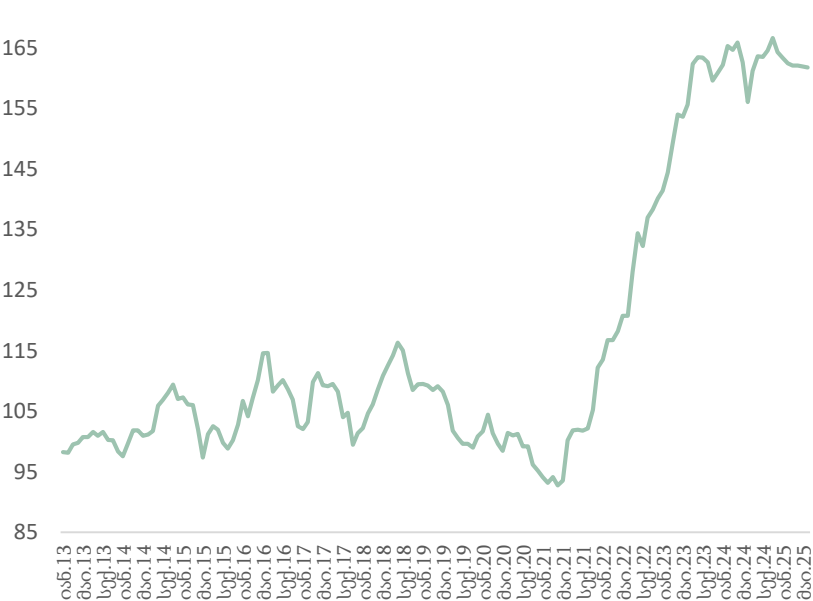


Source: NBG

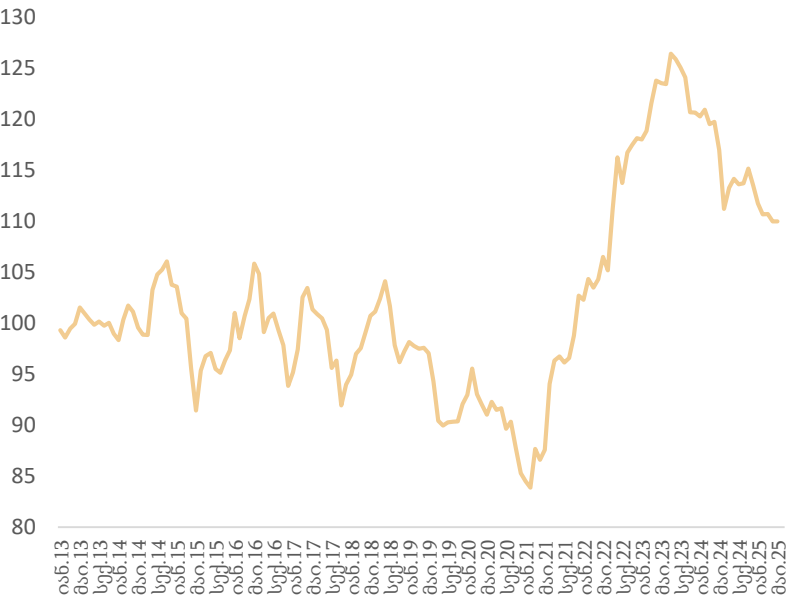


# Real Effective Exchange Rate Depreciated by 6.0 percent in May

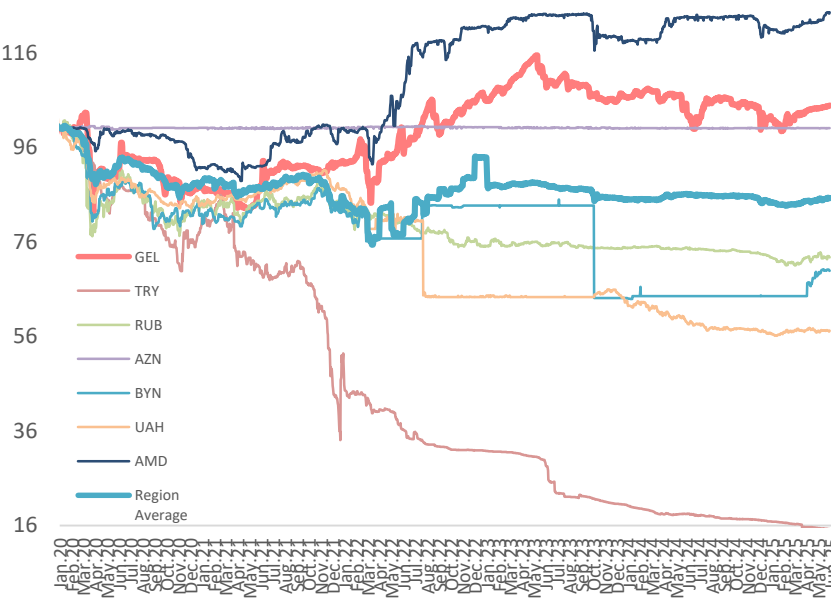
NEER: 2013 = 100



REER: 2013 = 100



USD Exchange Rates June 30, 2025



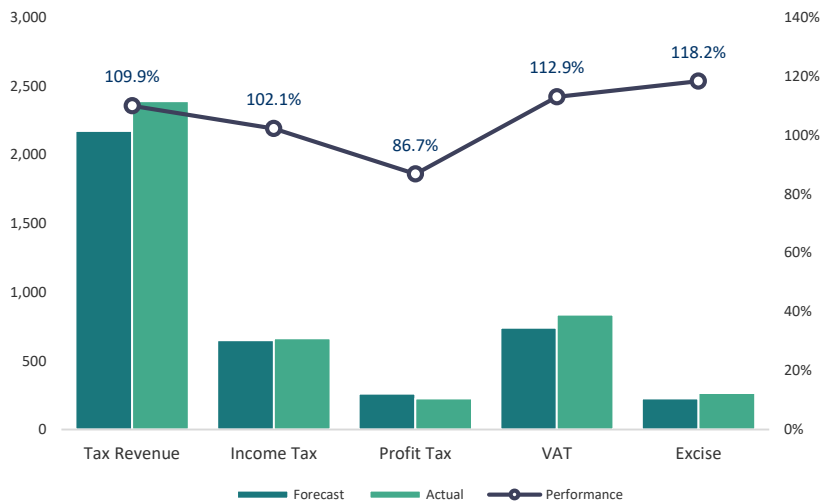
Note: Increase means appreciation

	July 1, 2025		July 1, 2025 - Jan 1, 2025		July 1, 2025 - Jan 1, 2024
Euro	3.1910	▼	-8.2%	▼	-6.8%
US Dollar	2.7227	▲	3.3%	▼	-1.2%
Turkish Lira	0.0684	▲	16.4%	▲	33.0%
Russian Ruble	0.0346	▼	-25.4%	▼	-13.6%
NEER	187.44	▼	-2.8%	▲	0.6%
REER (May 2025)	135.31	▼	-3.1%	▼	-8.9%

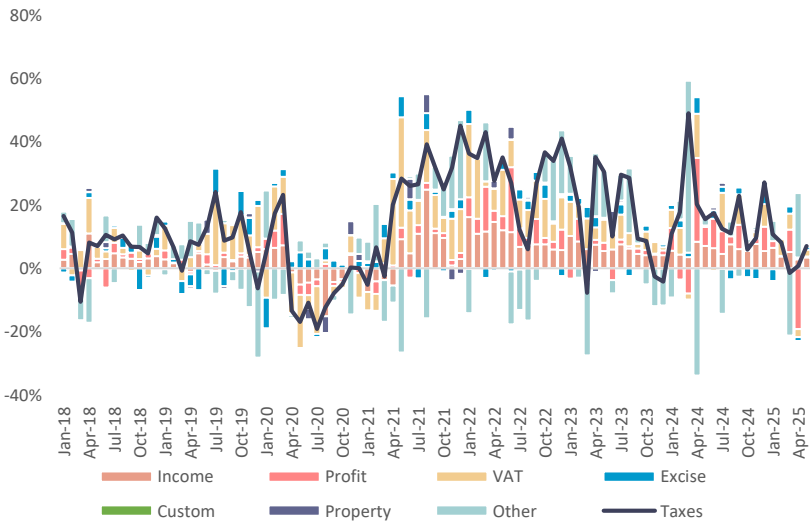
Source: NBG

# Tax Revenues in June is Above the Forecast Value by 9.9 percent

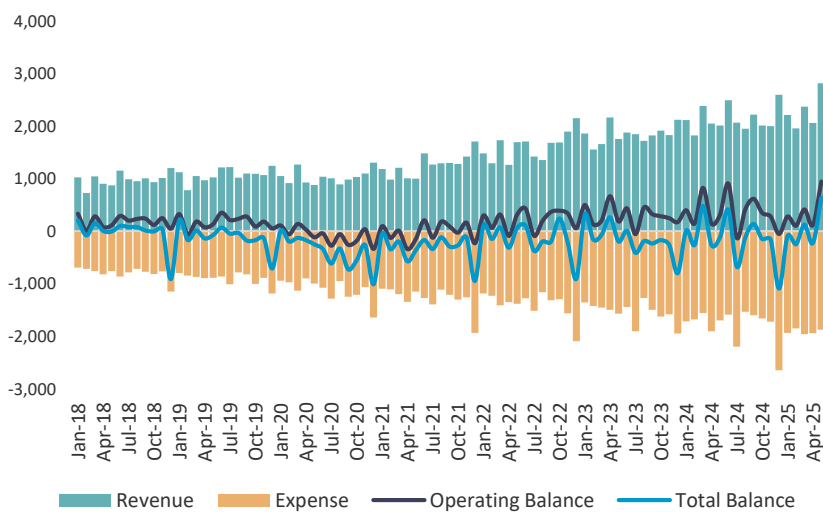
Budget Revenue Performance, June 2025



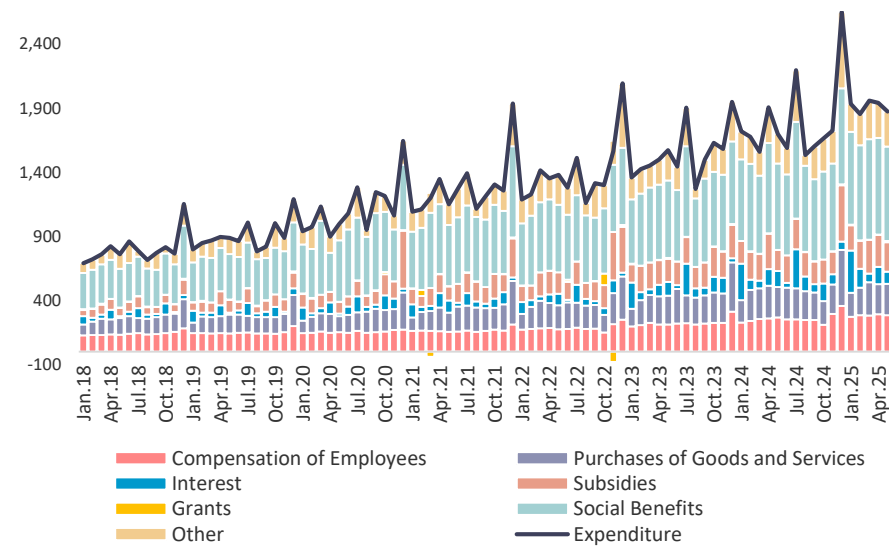
Tax Income, % y/y



Consolidated Budget, mln GEL



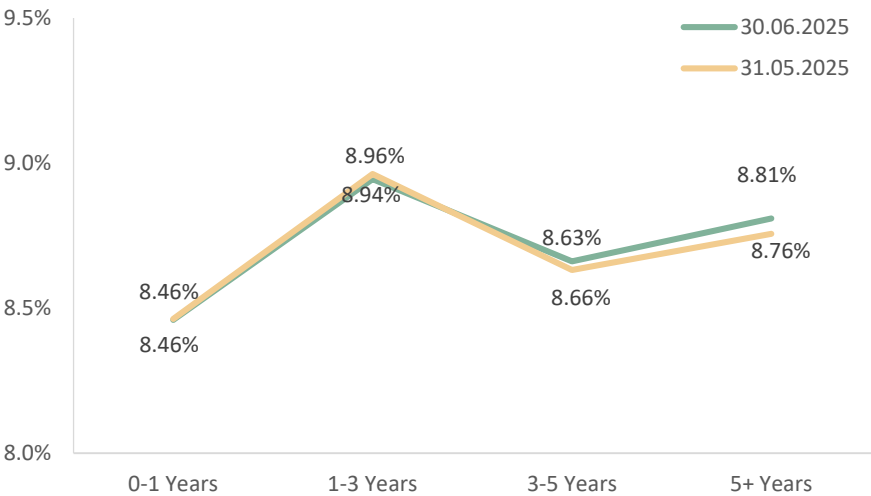
Consolidated Budget Expenditure, mln GEL



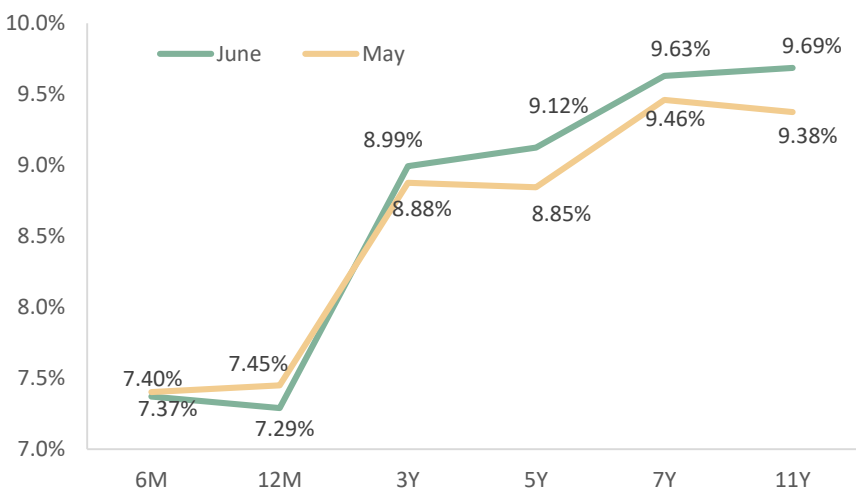
- The actual level of tax income in June 2025 was 2,387 mln GEL, which is 9.9 percent above the forecasted value.
- Consolidated budget revenues increased by 40.2 percent and expenditures increased by 10.3 percent in May.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 946.4 million GEL, while the total balance was set at -640.5 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 Insignificantly in June

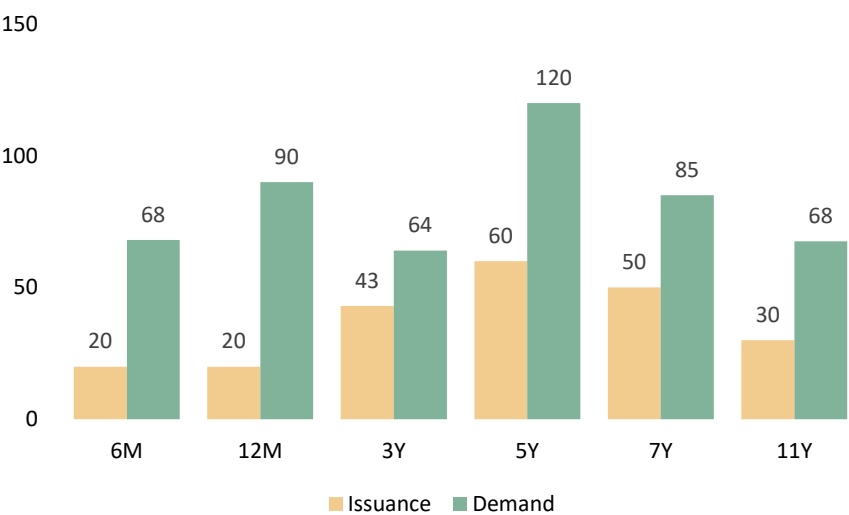
Portfolio Yield Curve



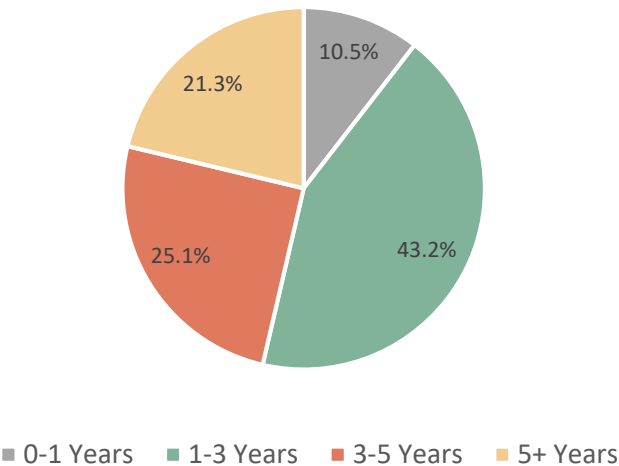
Weighted Average Interest Rates



Issuance and Demand of Treasury Bonds, mln GEL



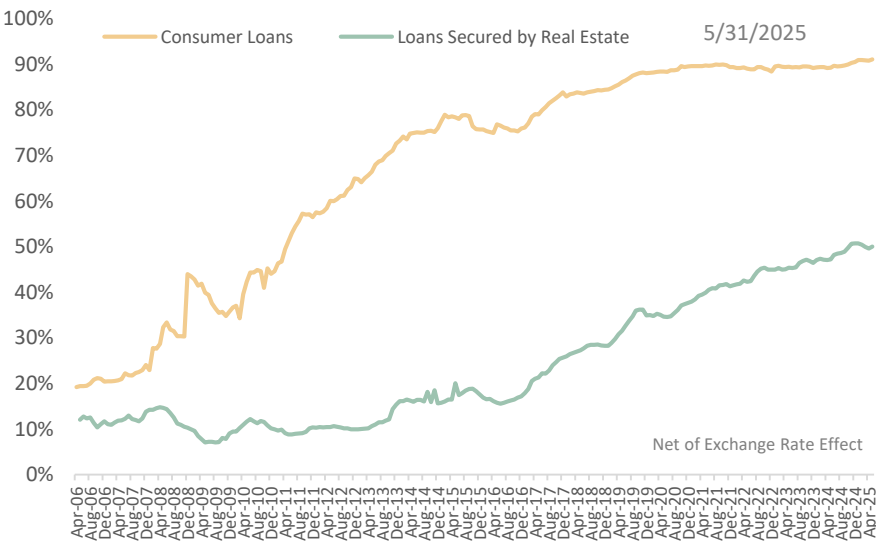
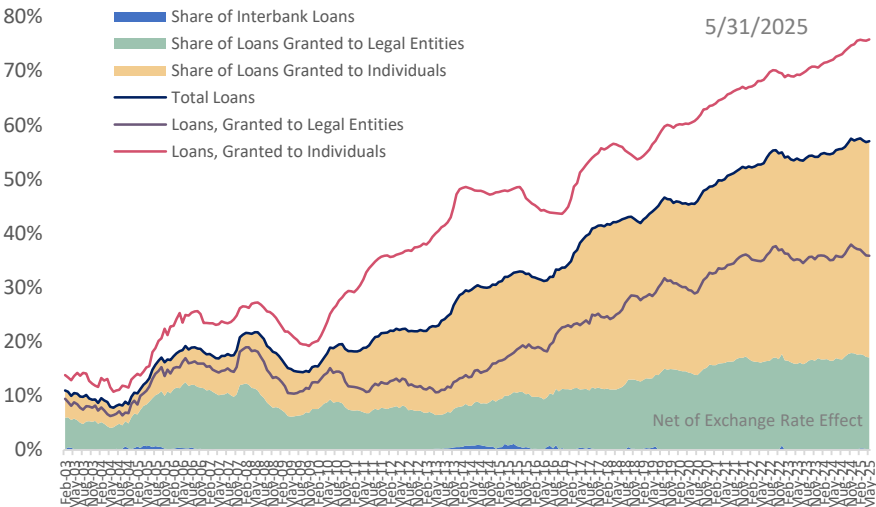
Portfolio by Residual Maturity, June 30, 2025



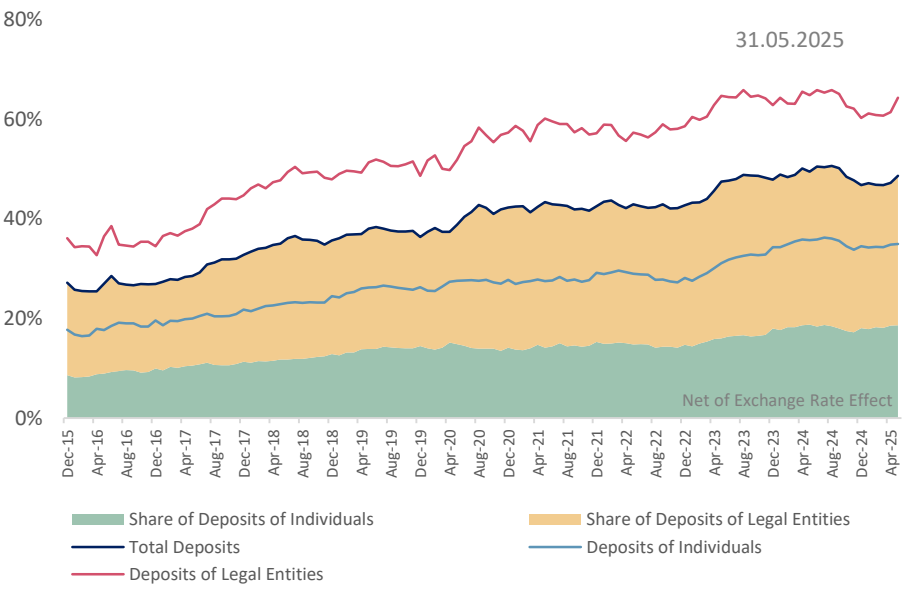
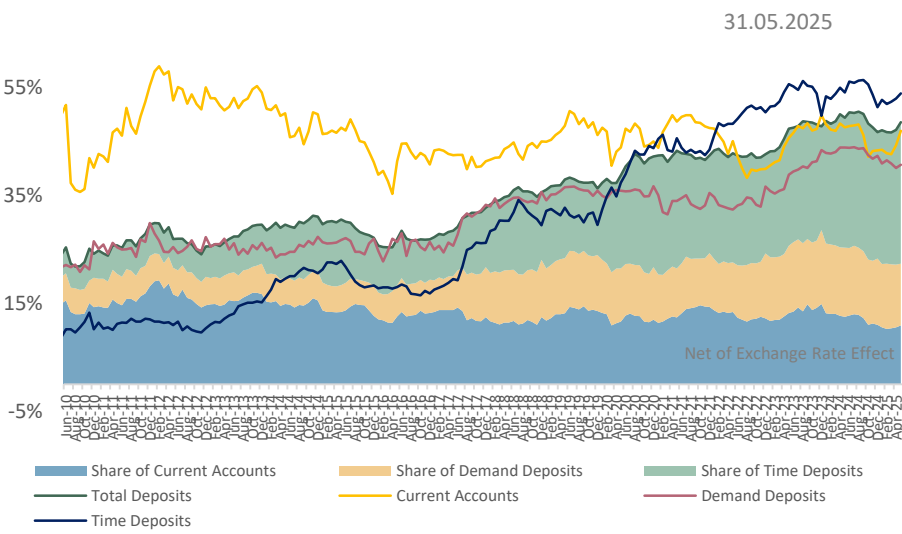
- In June, 2025, 6 issuance and 1 switch auctions were held with the total issuance volume of 275.31 million GEL.
- The weighted average interest rate amounted to 9.092%.
- The treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years were issued. The treasury securities with total amount of 90 millions GEL were redeemed.
- As of June 30, 2025 around 43.2% 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 25%) in the total portfolio.
- The Bid-to-cover ratio increased compared to the previous month's value (April 1.98) and amounted to 2.22 in June.
- In June, the average time to maturity (ATM) for the treasury security portfolio was unchanged and set to 3.74.

# In May Loans and Deposits Larization Indices Were Raised

## Loan Larization



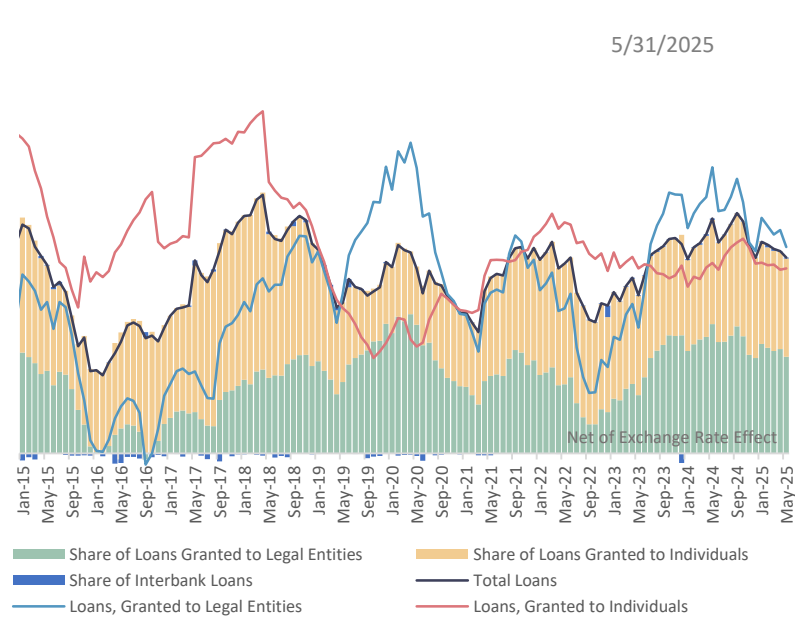
## Deposit Larization



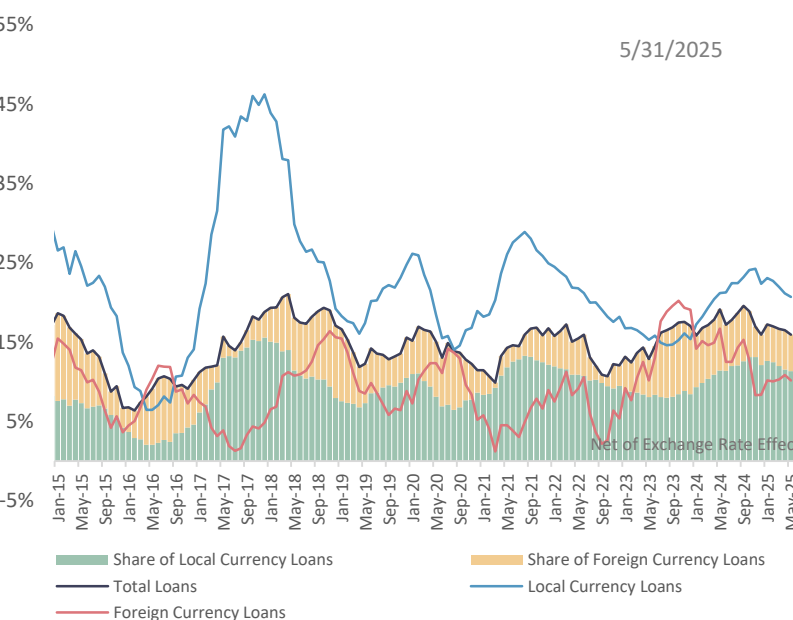
- As of May 31, 2025, the larization of total loans is 57.0 percent.
- The larization of loans to individuals is 75.9 percent.
- The larization of the loans to the legal entities amounted to 35.9 percent.
- The larization of the total deposits equals to 48.6 percent.
- The larization on the deposits of the legal entities amounted to 64.3 percent.
- The larization of the deposits of individuals is 34.9 percent.
- The larization of time deposits is 54.0 percent.
- The larization of the current accounts equals to 47.0 percent.
- The larization of the demand deposits is 40.8 percent.

# In May Loans Annual Growth Rates Remained at a High Level

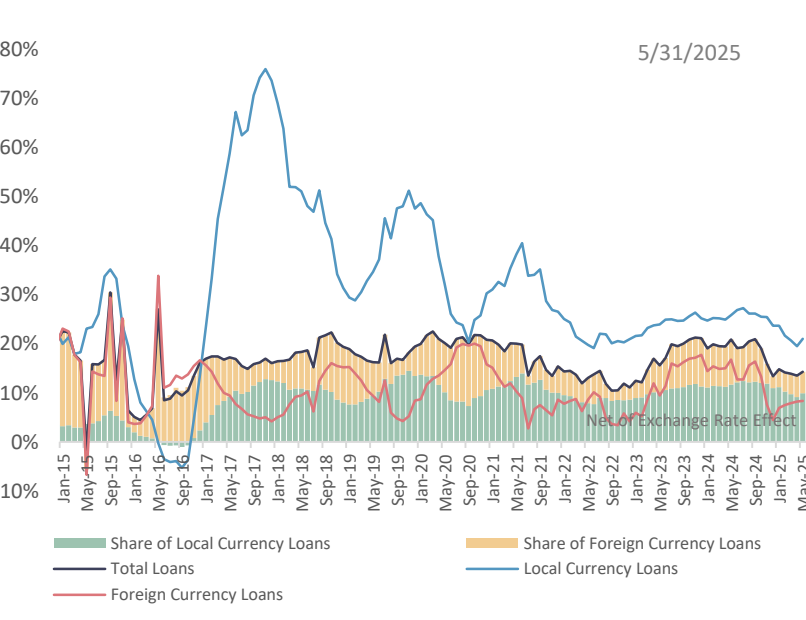
Loans Growth Rates, % y/y



Loans by Currency, % y/y

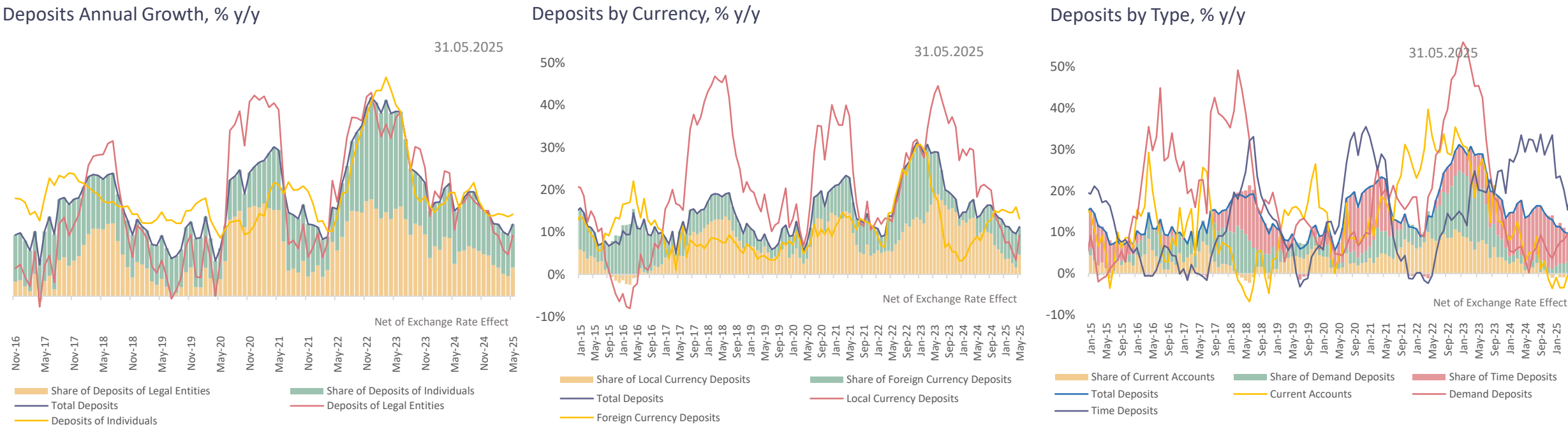


Mortgage Loans, % y/y



- As of May 31, 2025, the total loans increased by 16.0 percent compared to the corresponding period of 2024 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 16.8 percent.
- The annual growth of loans to individuals is 15.1 percent.
- As of June 1, 2025, the growth rate of the loans denominated in the national currency amounted to 20.7 percent.
- The annual growth of loans denominated in foreign currency amounted to 10.2 percent.
- As of May 31, 2025, the annual growth of loans secured by real estate amounted to 14.4 percent. At the same time, the mortgage loans denominated in national currency increased by 21.0 percent, while the mortgage loans denominated in the foreign currency increased by 8.4 percent.

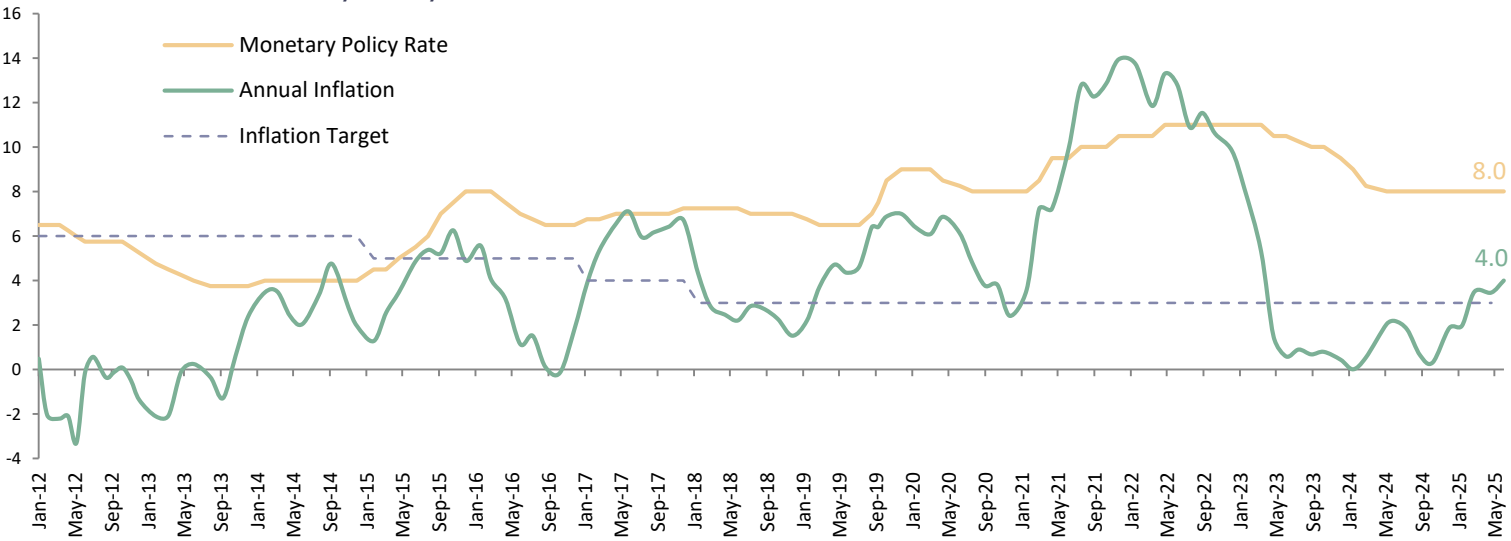
# In May Total Deposits Increased and Current Accounts Reduced



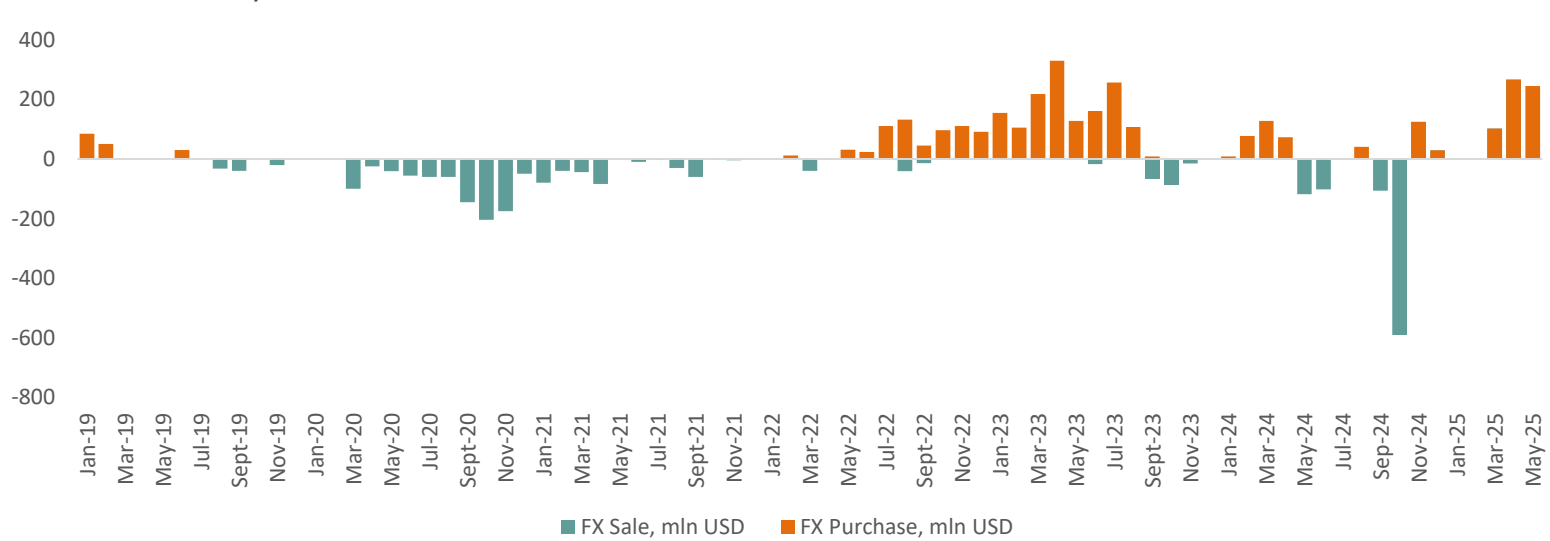
- As of May 31, 2025, the growth of the total deposits compared to the corresponding period of the previous year is 11.3 percent.
- The annual growth of the deposits denominated in the national currency amounted to 9.4 percent. The annual growth of the deposits denominated in foreign currency stood at 13.1 percent over the same period.
- The growth of deposits of individuals amounted to 12.8 percent, while the annual growth of deposits of legal entities in the same period amounted to 9.5 percent.
- The annual growth of current accounts at the end of May, 2025, was equal to -1.9 percent (a reduction).
- The annual growth of the time deposits was 21.5 percent.
- The growth of the demand deposits amounted to 7.5 percent.

# Monetary Policy Rate Was at 8 percent Level in June

Inflation and Monetary Policy Rate



Trade of USD by NBG, mln USD

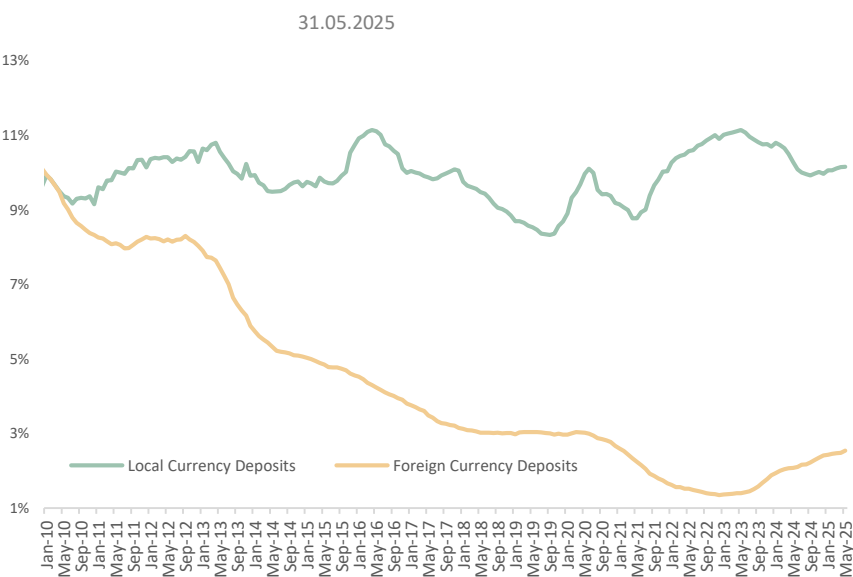


- The Monetary Policy Committee of the National Bank of Georgia (NBG) conducted a meeting in June 18, 2025. The committee decided not to change the refinancing rate and remained it at 8 per cent level.
- According to the NBG, the actual inflation is remained close to the target level (3 percent). There are a few internal and external factors that determine moderate level of Inflation in the country. 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, deflation of imported products (basically caused by a reduction in transportation costs), geopolitical strain and a high level of international uncertainty, and global trade restrictions. According to the NBG, the adverse effects related to the increase in international food prices is being offset by the imports deflation. However, the pressure on prices from the global uncertainty and strong domestic aggregate demand continue to persist in the economy. According to the NBG’s assessments, the inflation in Georgia is expected to exceed the target inflation temporarily in 2025 and will stabilize around 3% in the medium term. The inflation was 4.0 percent in June of 2025.
- The next meeting of the Monetary Policy Committee will be held on July 30, 2025.
- The NBG purchased USD 245 mln at the foreign exchange market without the foreign exchange auction in May.

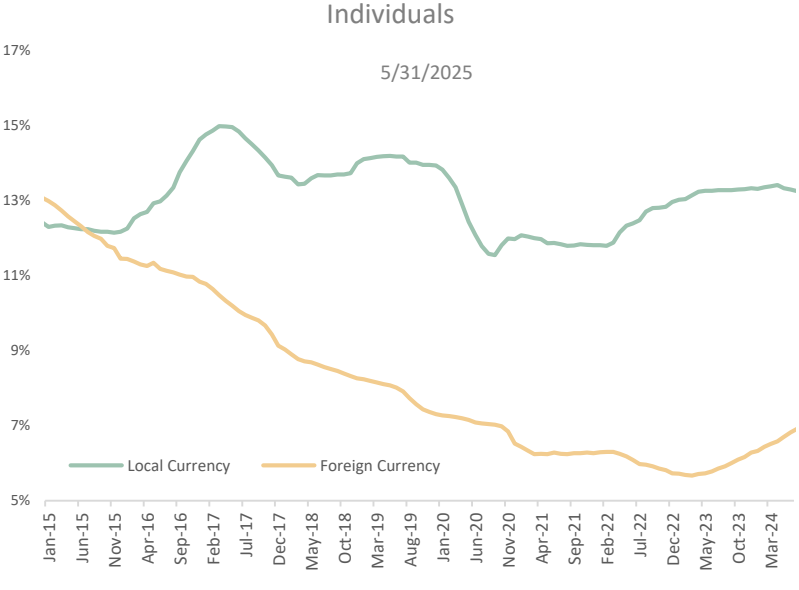
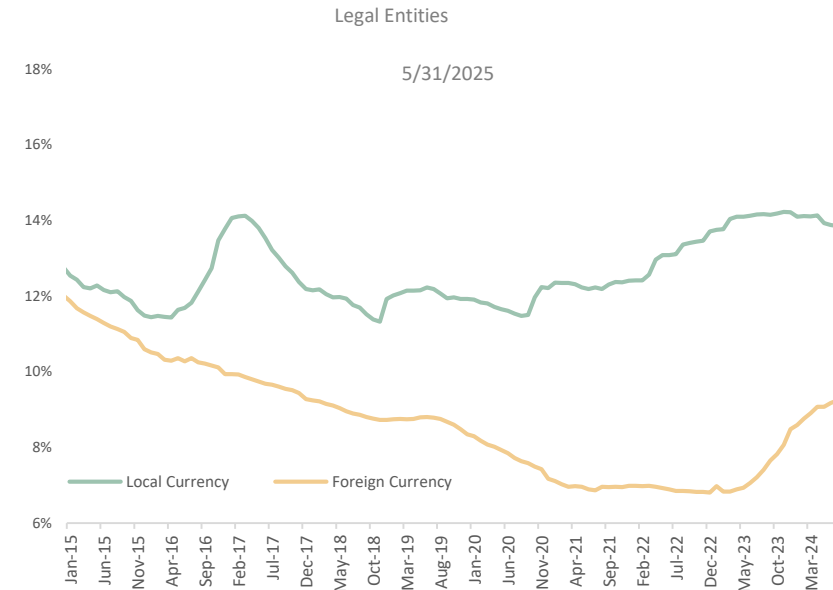
Source: NBG

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

Interest Rates on Deposits



Interest rates on Loans secured by Real Estate



- As of June 1, 2025, the interest rate on foreign currency deposits was 2.5 percent, and in national currency – 10.2 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 – 3.2 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 (15.0 percent in national currency and 6.5 percent in foreign currency).
- The weighted average annual interest rate on long-term consumption loans was 16.8 percent (16.8 percent in national currency and 7.7 percent in foreign currency).
- At the end of May, 2025, the interest rate on mortgage loans denominated in local currency issued to legal entities was 12.7 percent, and in the foreign currency 9.3 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

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