



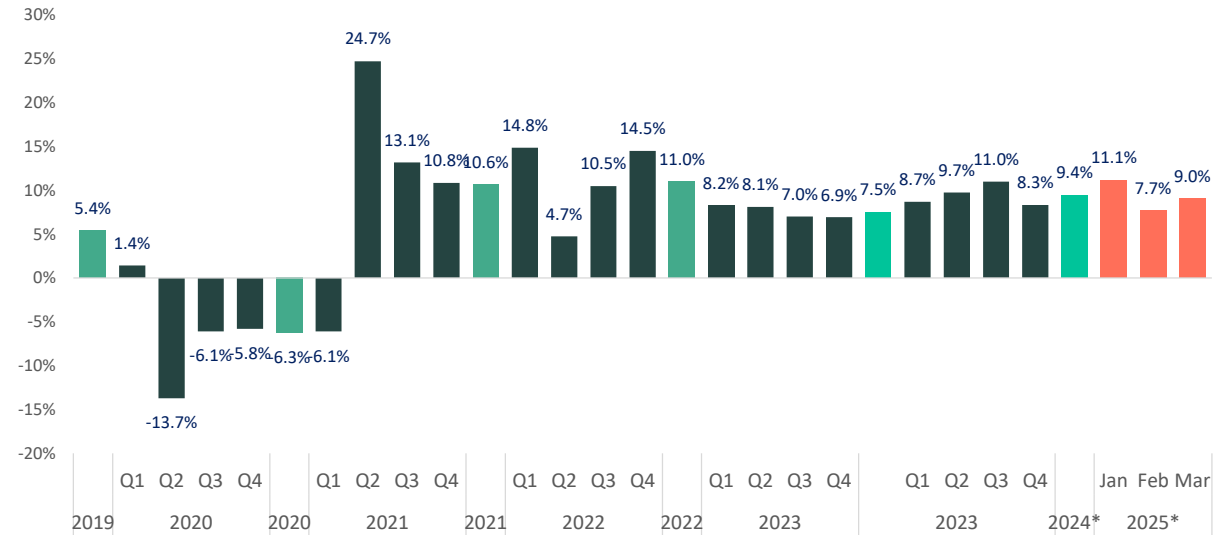
Current Economic Outlook

April, 2025

- In March 2025, the real GDP growth rate was 9.0 percent and average growth rate of 2024 was 9.4 percent, according to the preliminary estimates of the National Statistics Office.
- In April, annual inflation stood at 3.4 percent, while core inflation was 2.3 percent
- In March, exports increased by 8.2 percent year-on-year and imports increased by 14.3 percent year-on-year, increasing the trade deficit by 18.7 percent year-on-year to 836.8 million USD
- For March, the real effective exchange rate depreciated by 7.4 percent compared to the same period of the previous year and has not changed compared to the previous month
- The monetary policy rate is at 8 percent in April
- By the end of April, sovereign ratings for Georgia are following:
Fitch “BB negative” S&P “BB stable” Moody’s “Ba2 negative”

According to Preliminary Estimates Economic Growth in March was Equal to 9.0 percent

Economic Growth, % y/y

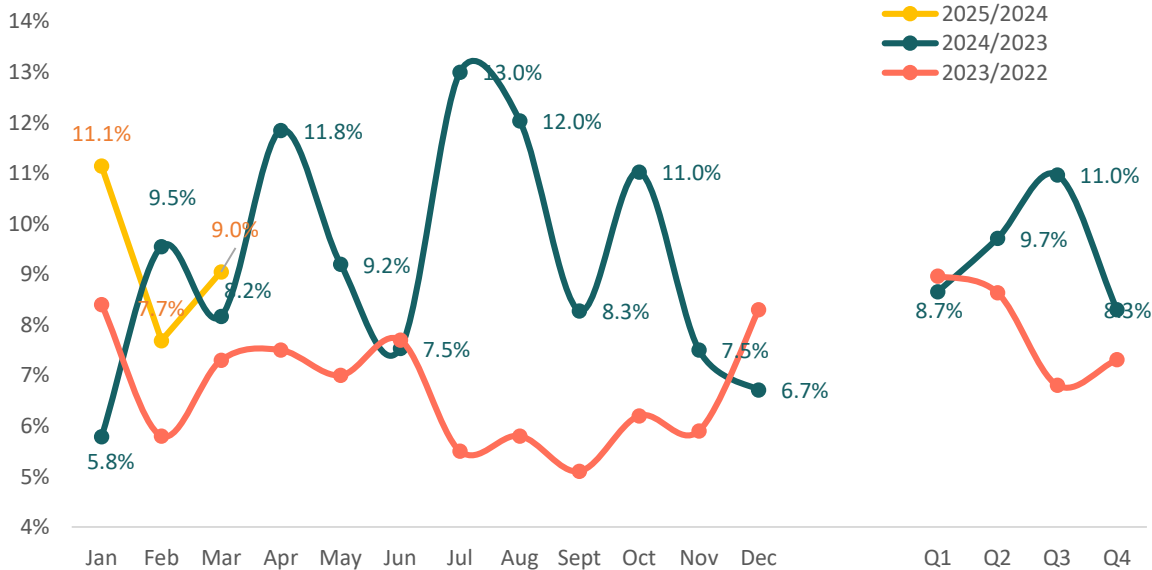


- Estimated real GDP growth rate in March 2025 equaled 9.0 percent YoY, while the seasonally adjusted economic growth in March comparing to the previous month was 1.2 percent. Average annual real GDP growth rate for 2024 equals to 9.4 percent.
- In March 2025 the estimated real growth compared to the same period of the previous year was observed in the following activities: Information and Communication, Professional, scientific and technical activities, Financial and Insurance activities, Transportation and storage, Construction.

Economic Growth, % m/m



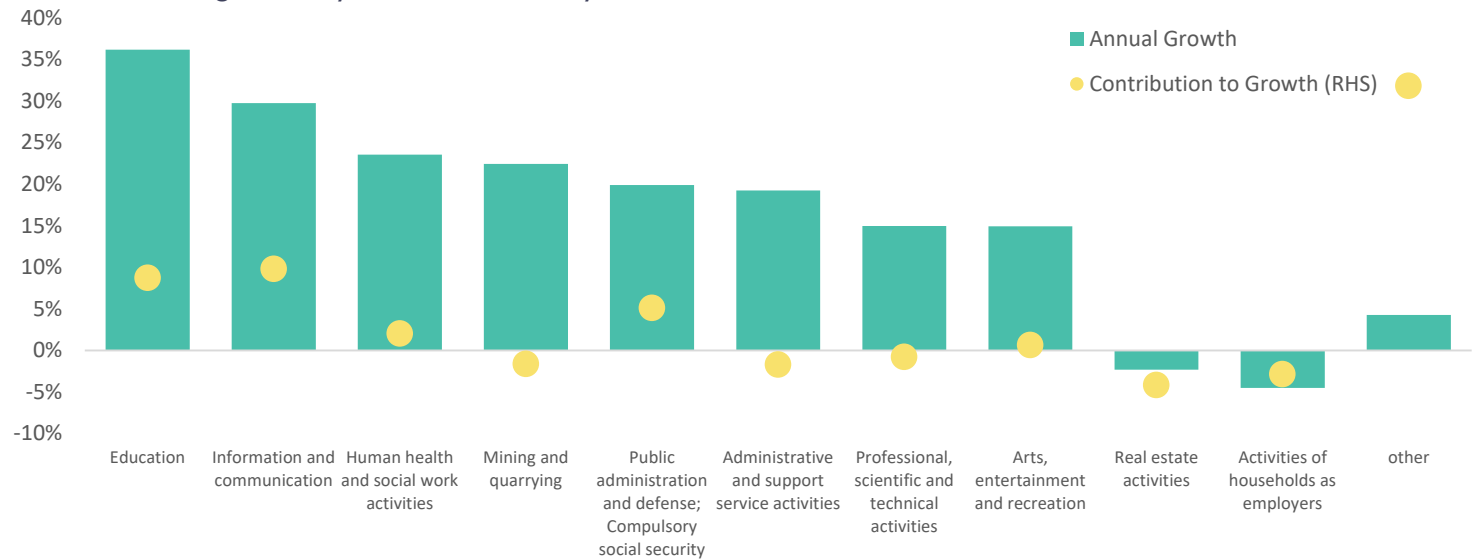
Economic Growth, 2025-2019



Source: Geostat, MOF

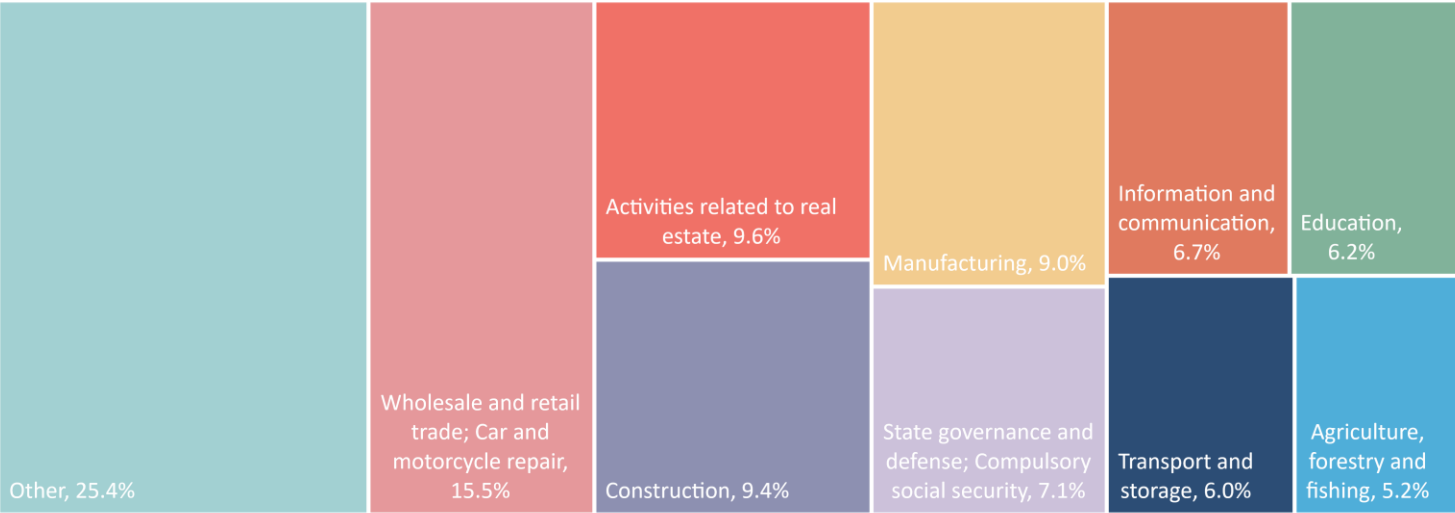
According to Preliminary Estimates, Real GDP Increased by 8.3 percent in the Fourth Quarter of 2024

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.)

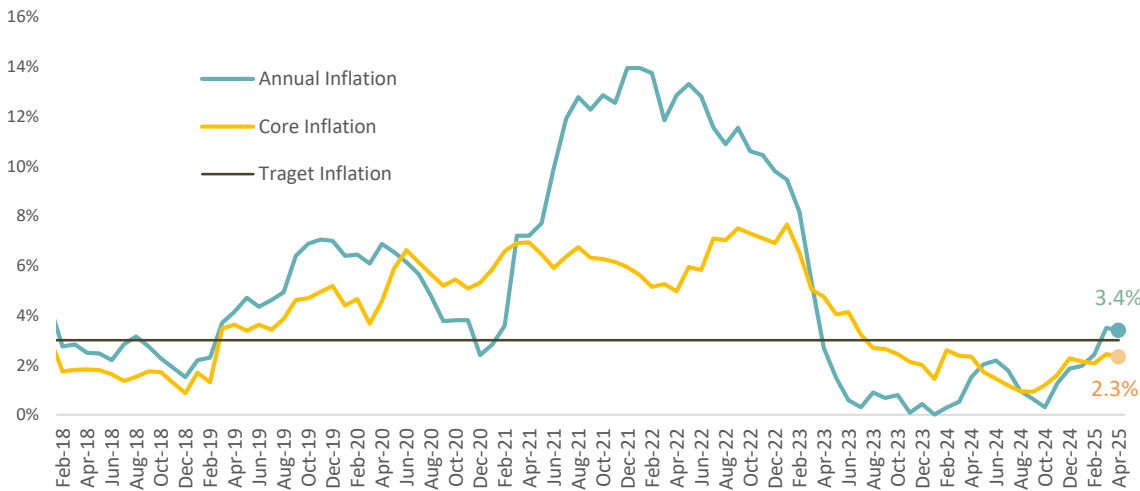
GDP by economic activity, 2024 IV Quarter



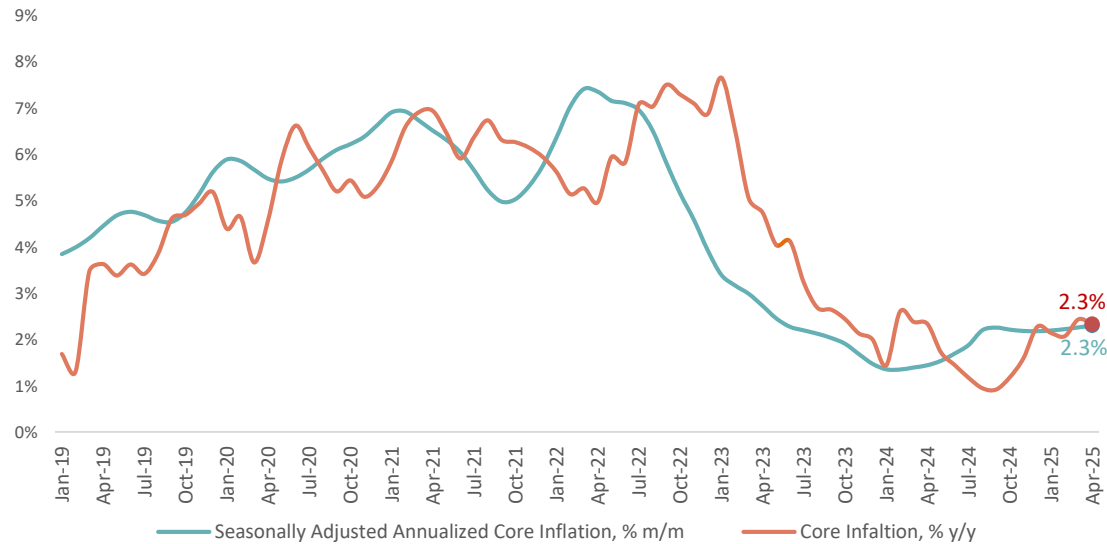
Source: Geostat

Annual Inflation in April has Reached 3.4 percent

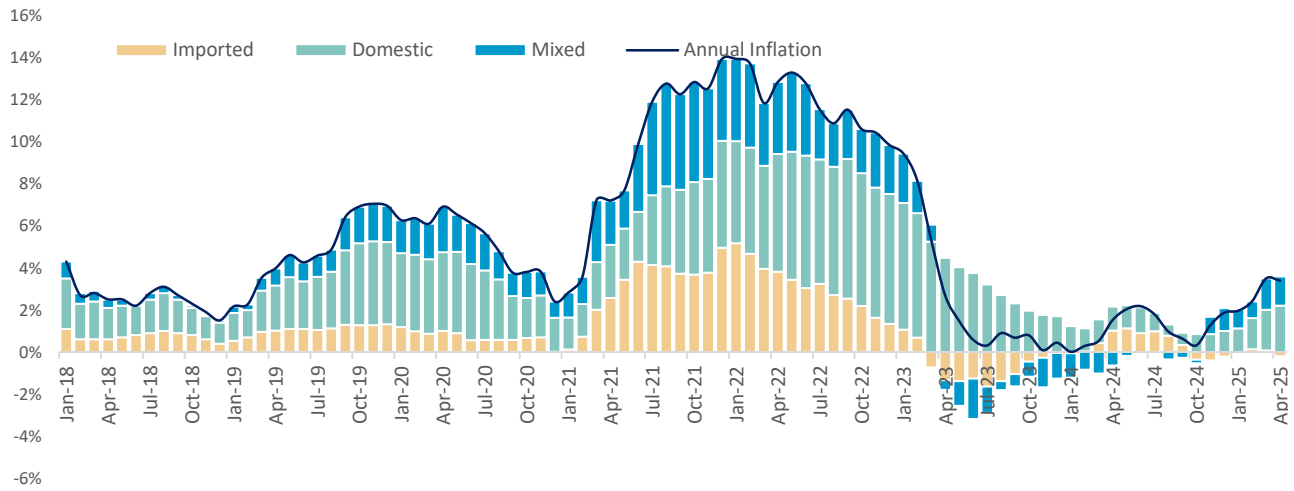
Total and Core Inflation, % y/y



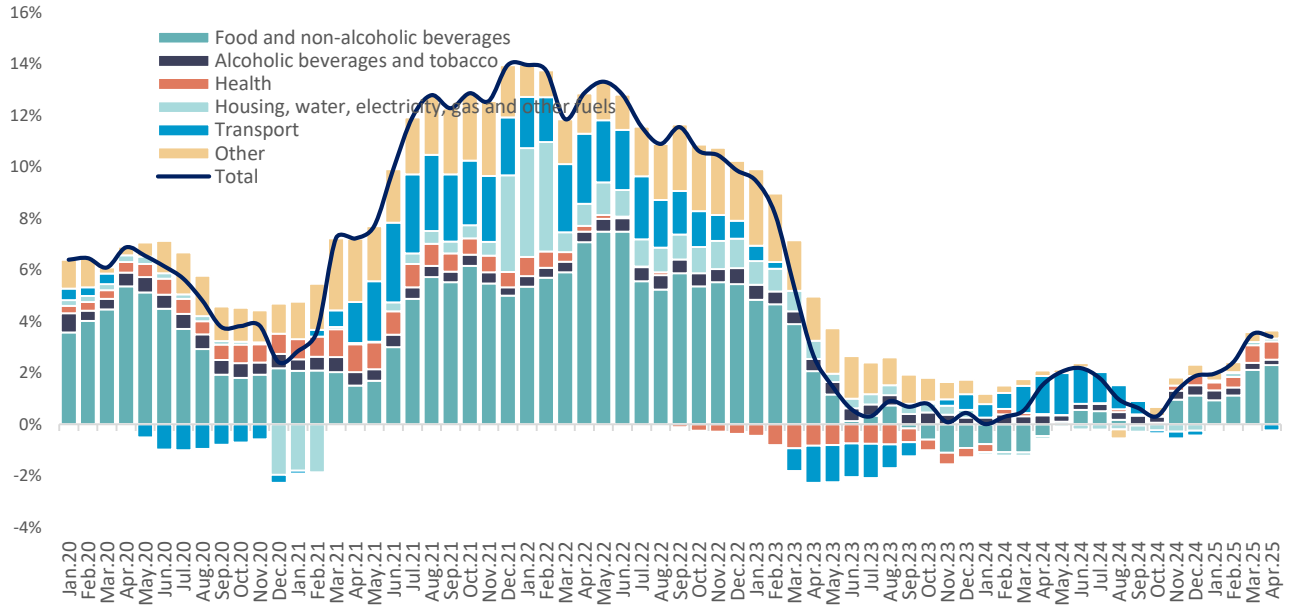
Core Inflation, % m/m



Inflation Decomposition



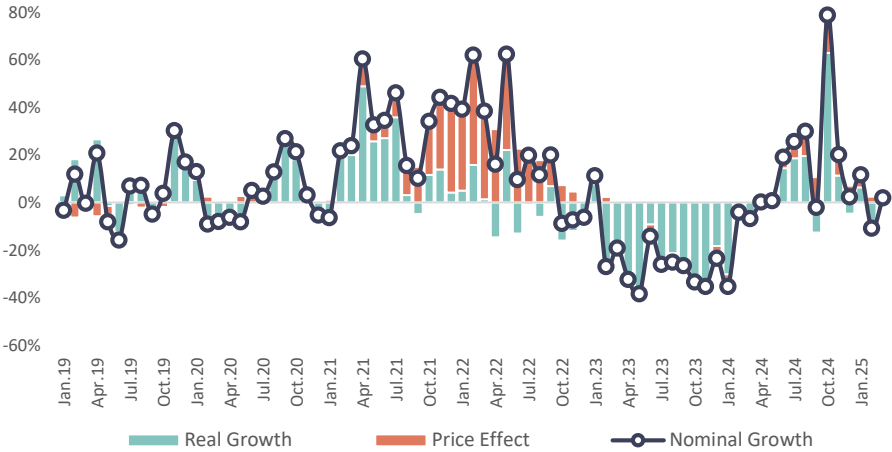
Inflation Decomposition by product group



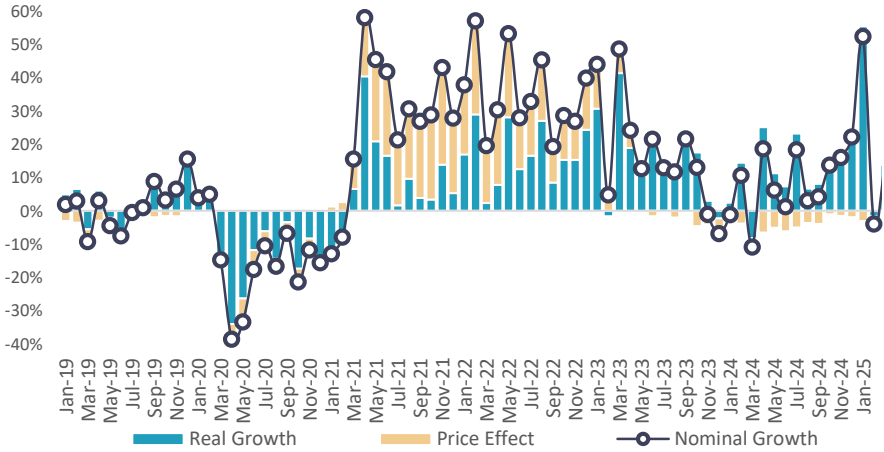
Source: Geostat, NBG, MOF

Trade Deficit in March Increased by 18.7 percent Annually

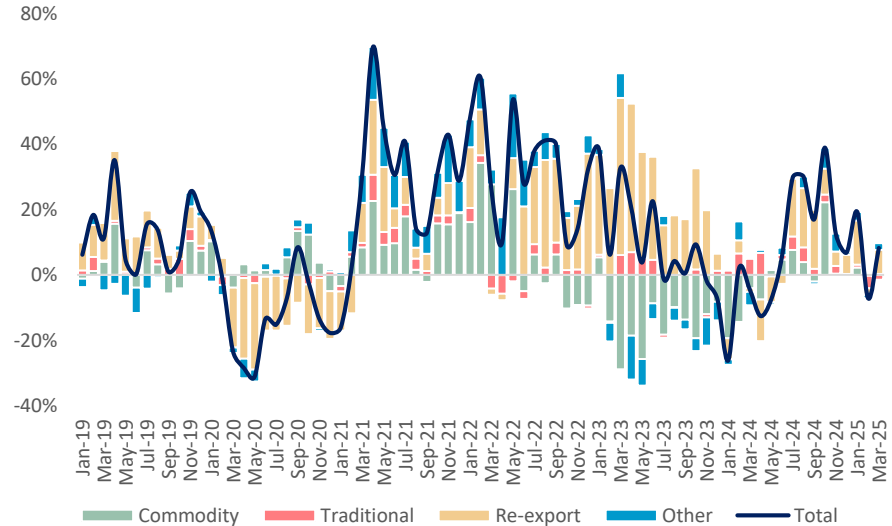
Change of Domestic Export, %y/y



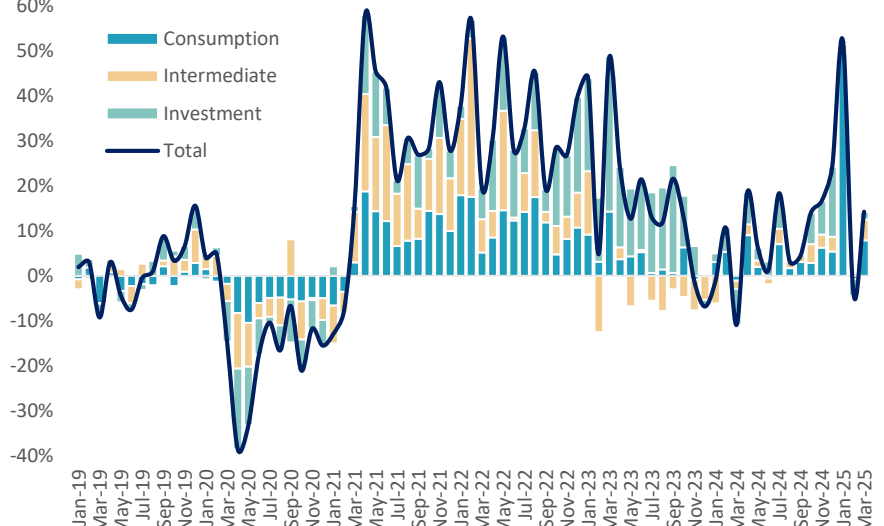
Change of Import, %y/y



Decomposition of Export



Decomposition of Change of Import, %y/y



- Export in March increased annually by 8.2 percent to 565.8 million USD.
- Domestic export increased annually by 2.0 percent to 253.3 million USD.
- Import annually increased by 14.3 percent to 1 402.6 million USD in February.
- Trade deficit annually increased by 18.7 percent to 836.8 million USD.
- Share of re-export in export growth is equal to 7.3 percent (13.9 %y/y), while share of traditional product export is -1.5 percent (-10.7 %y/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to 1.7, 4.6 and 7.9 percent, respectively.

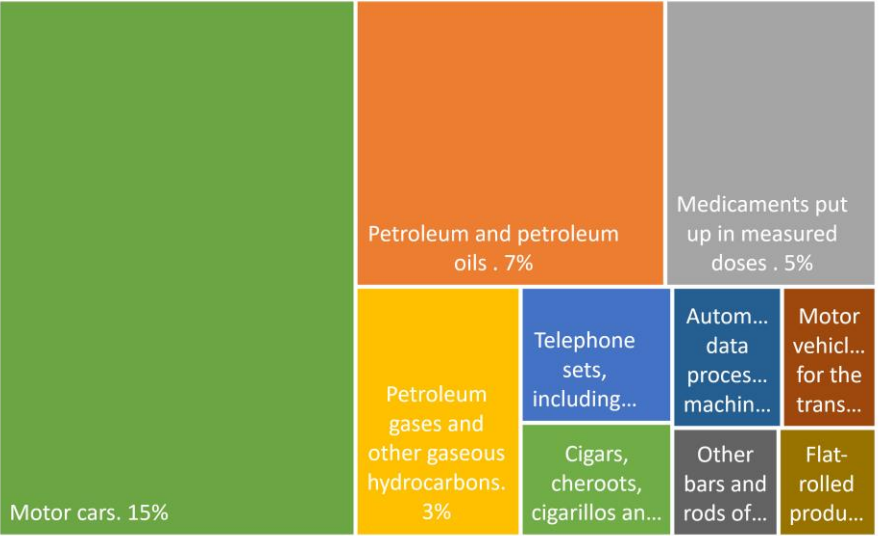
Source: Geostat, MOF

International Trade is Characterized by Stable Diversification

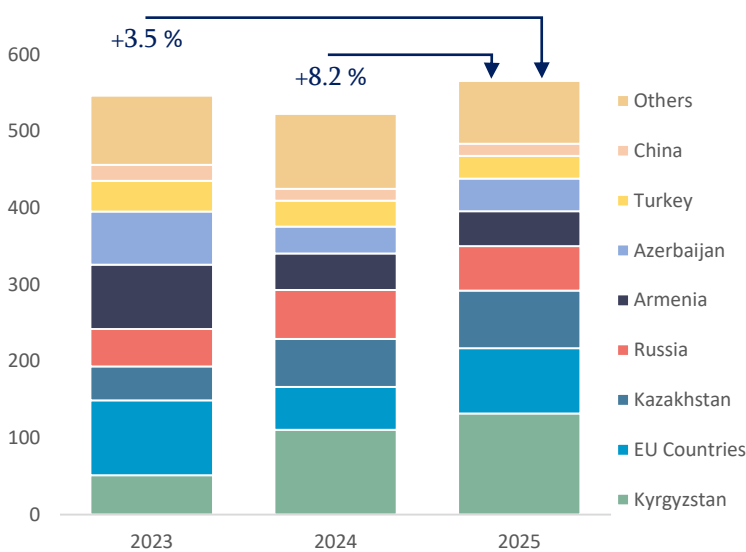
Top 10 Export goods, % of total Export



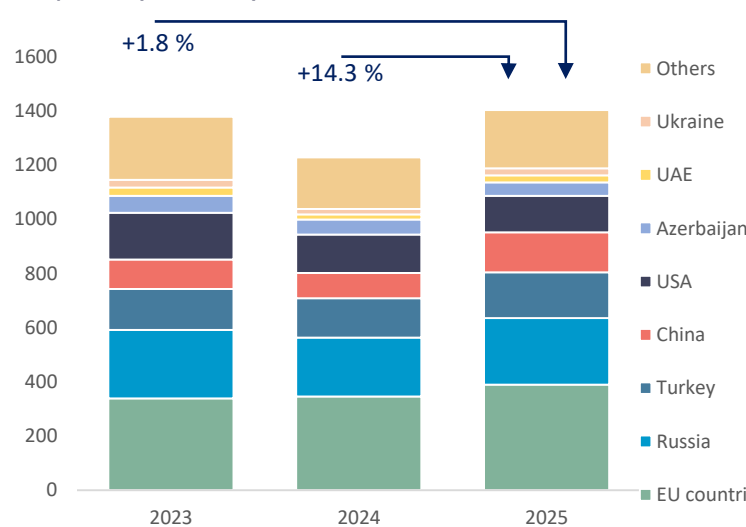
Top 10 Import goods, % of total Import



Export by country, March



Import by country, March



Top Export Products:

- Motor cars: 215.5 million. USD – 38.1 percent of total exports.
- Ethyl alcohol, spirits: 25.3 million USD – 4.5 percent of total exports.
- Wine of fresh grapes: 22.5 mln. USD – 4.0 percent of total exports.

Top Import Products:

- Motor cars: 214.5 million. USD – 15.3 percent of total imports.
- Petroleum and petroleum oils: 99.4 million US dollars – 7.1 percent of total imports.
- Medicaments: 67.8 million USD – 4.8 percent of total imports.

Top Export Country:

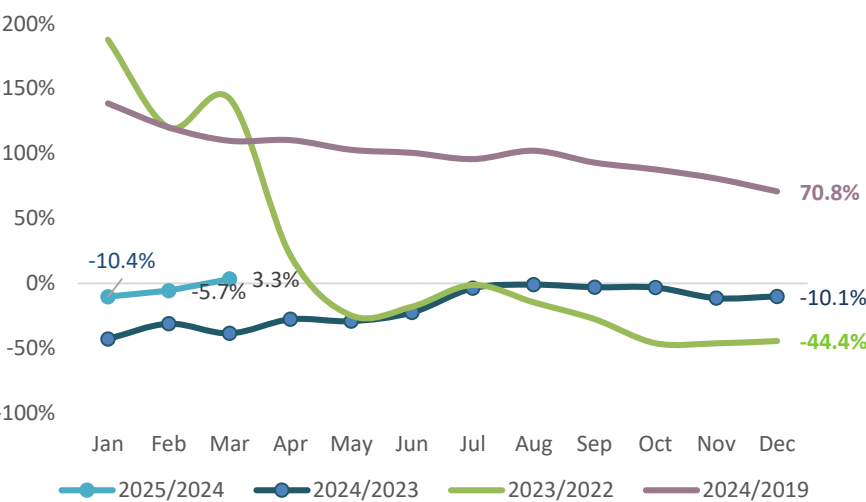
- Kyrgyzstan: 132.0 million USD – 23.3 percent.
- European Union: 84.8 million USD – 15.0 percent.
- Kazakhstan : 75.5 million USD – 13.3 percent.

Top Import Country:

- European Union: 389.3 million. USD – 27.8 percent.
- Turkey: 245.1 million USD – 17.5 percent.
- Russia: 168.7 million USD – 12.0 percent.

Net Remittances Increased by 3.3 percent in March 2025

Net Remittances, 2025-2019

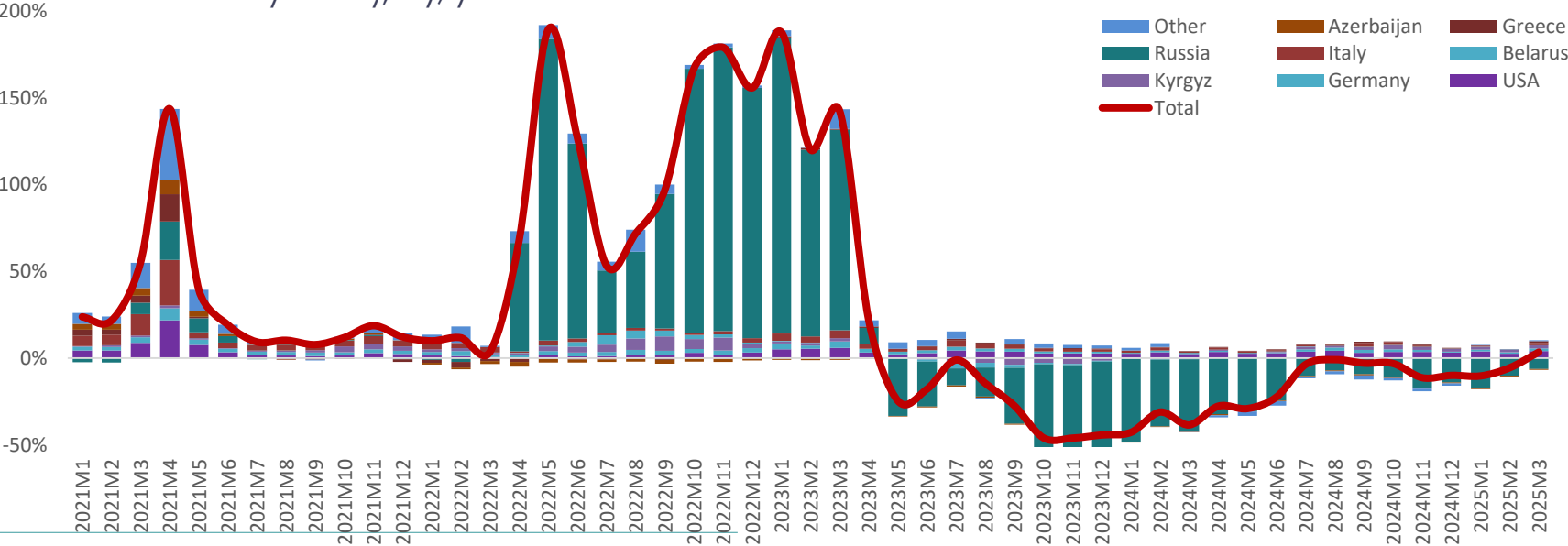


Net Remittances, March 2025

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	53.9	23.1	4.0
Italy	49.3	6.8	1.2
Russia	33.8	-32.1	-6.3
Israel	11.4	9.2	0.8
Germany	23.4	19.2	1.5
Greece	20.7	5.6	0.4
Other	56.1	8.4	1.7

- In March 2025, net remittances were estimated at 259.8 million USD, representing a 3.3 percent annual increase. Relative to corresponding month of 2019, Net Remittances increased by 116.8 percent.
- Net Remittances increased from:
 - USA: 23.1 percent (contributing 4.0 pp to total growth)
 - Kyrgyz Republic: 220.0 percent (1.8 pp contribution to overall growth)
 - Germany: 19.2 percent (1.5 pp contribution to overall growth)
- Net Remittances decreased from:
 - Russia: -32.1 percent (-6.3 pp contribution to total growth)
 - Kazakhstan: -49.0 percent (-2.1 pp contribution to total growth)
 - Azerbaijan: -224.0 percent (-0.5 pp contribution to total growth)

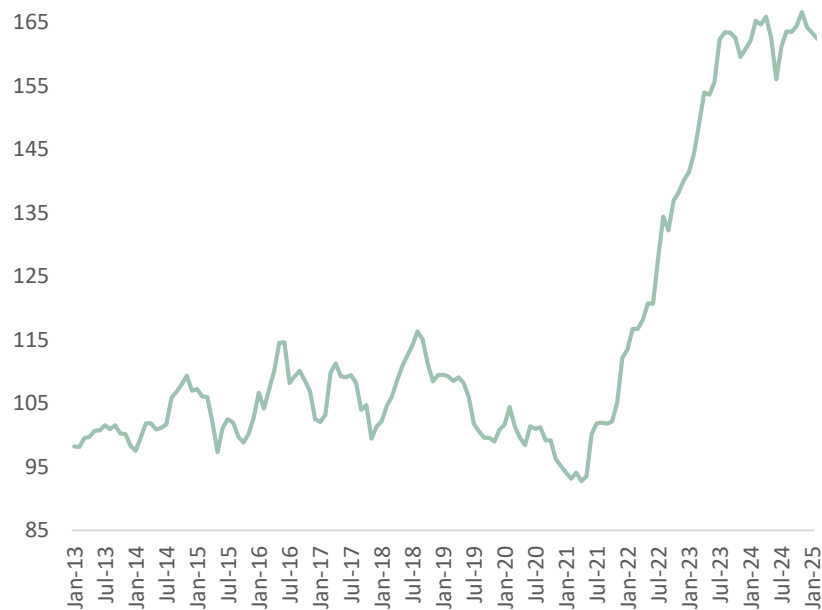
Net Remittances by country, %y/y



Source: NBG

Real Effective Exchange Rate Depreciated by 7.4 percent in March

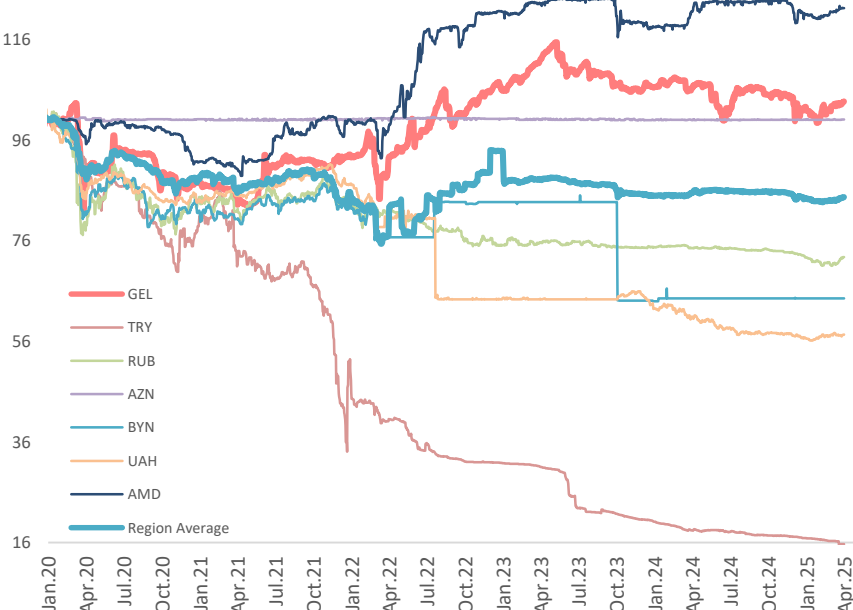
NEER: 2013 = 100



REER: 2013 = 100



USD Exchange Rates April 30, 2025

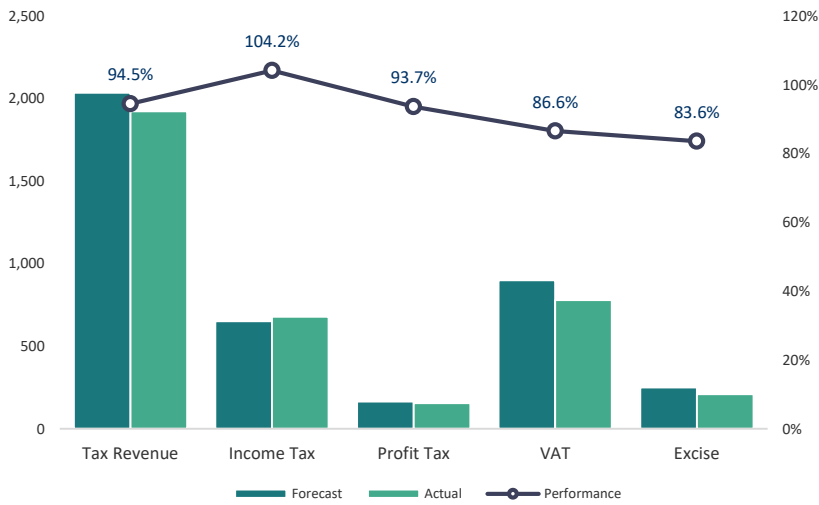


Note: Increase means appreciation

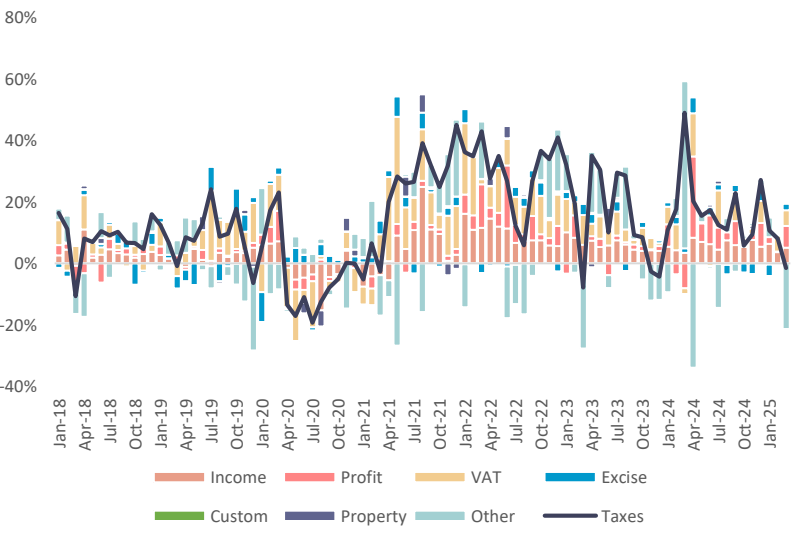
	May 1, 2025		April 1, 2025 - Jan 1, 2025		April 1, 2025 - Jan 1, 2024
Euro	3.1239	▼	-6.2%	▼	-4.8%
US Dollar	2.7492	▲	2.3%	▼	-2.2%
Turkish Lira	0.0714	▲	11.5%	▲	27.5%
Russian Ruble	0.0337	▼	-23.4%	▼	-11.3%
NEER	189.48	▼	-1.8%	▲	1.7%
REER (March 2025)	136.20	▼	-2.5%	▼	-8.3%

Tax Revenues in April is Below the Forecast Value by 5.5 percent

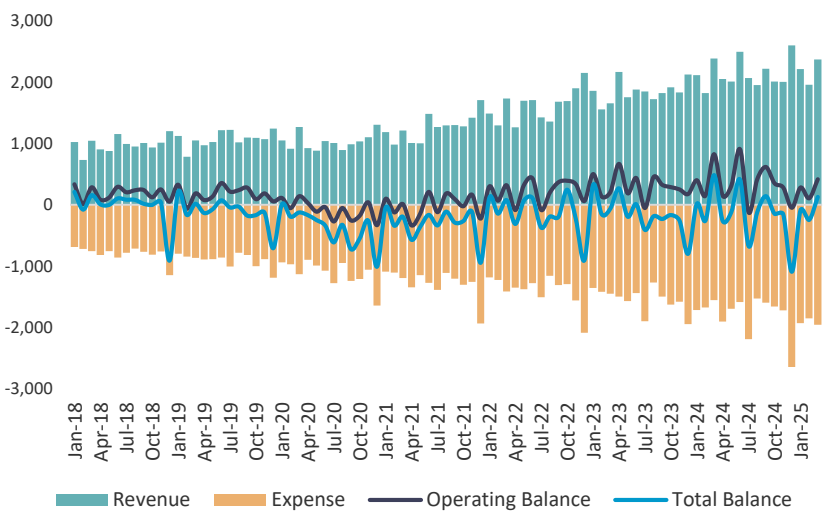
Budget Revenue Performance, March 2025



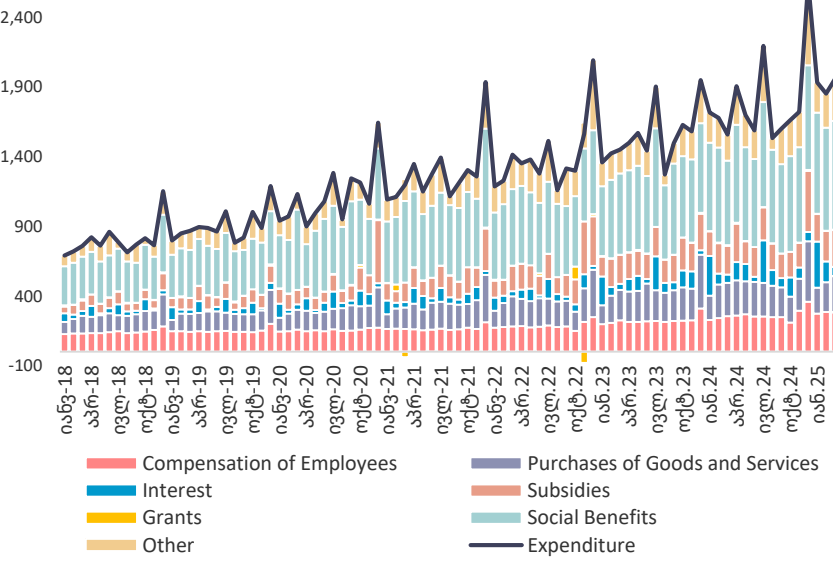
Tax Income, % y/y



Consolidated Budget, mln GEL



Consolidated Budget Expenditure, mln GEL

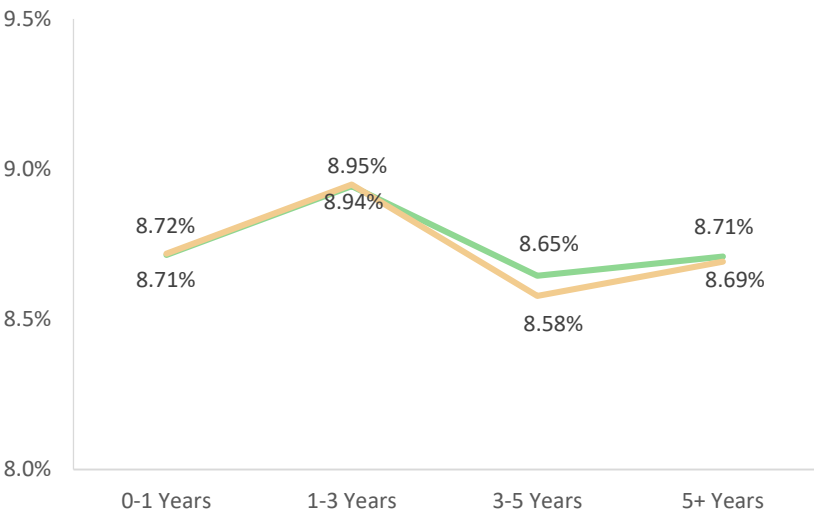


- The actual level of tax income in April 2025 was 1,923 mln GEL, which is 5.5 percent below the forecasted value.
- Consolidated budget revenues decreased by 0.5 percent and expenditures increased by 25.5 percent in March.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 416.4 million GEL, while the total balance was set at 125.8 million GEL.
- Revenue from taxes had a significant impact on revenue from Profit and Income taxes in March, accounting for 7.1 and 5.1 percent of total growth, respectively.

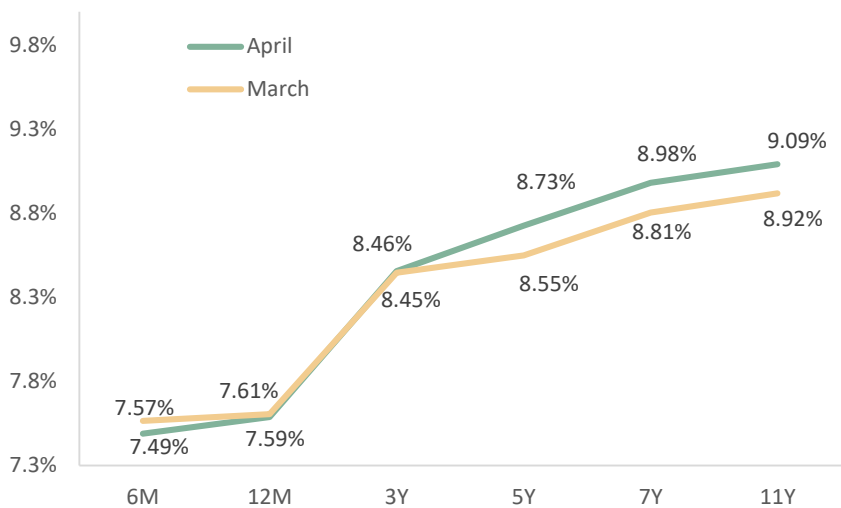
Source: MOF

Treasury Financial Securities Portfolio Slightly Changed in April

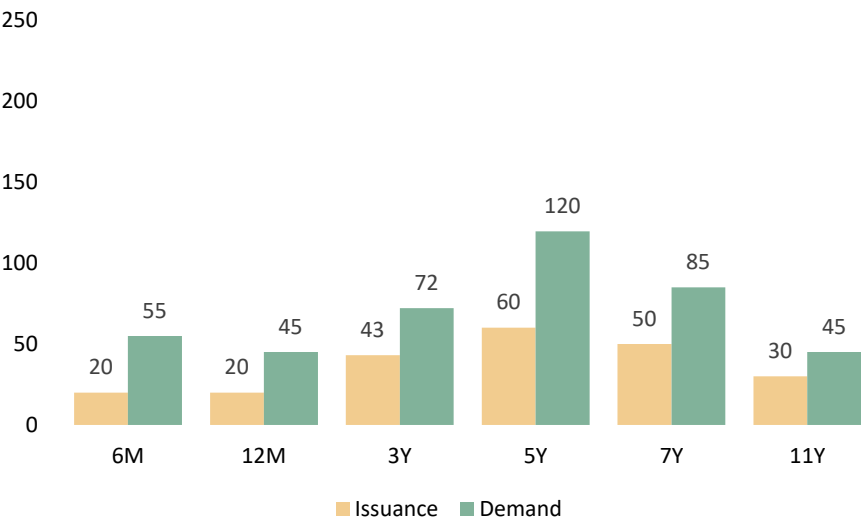
Portfolio Yield Curve



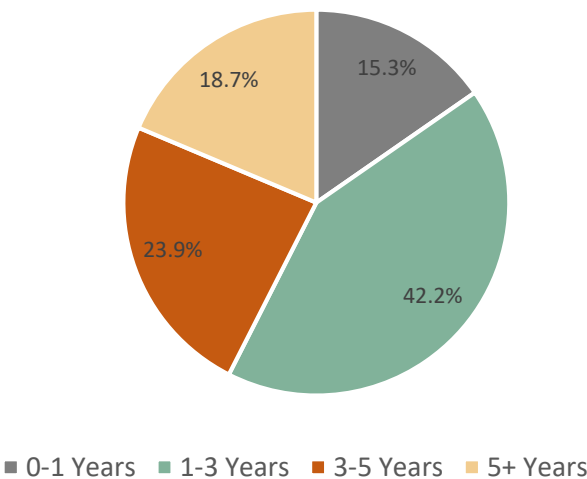
Weighted Average Interest Rates



Issuance and Demand of Treasury Bonds, mln GEL



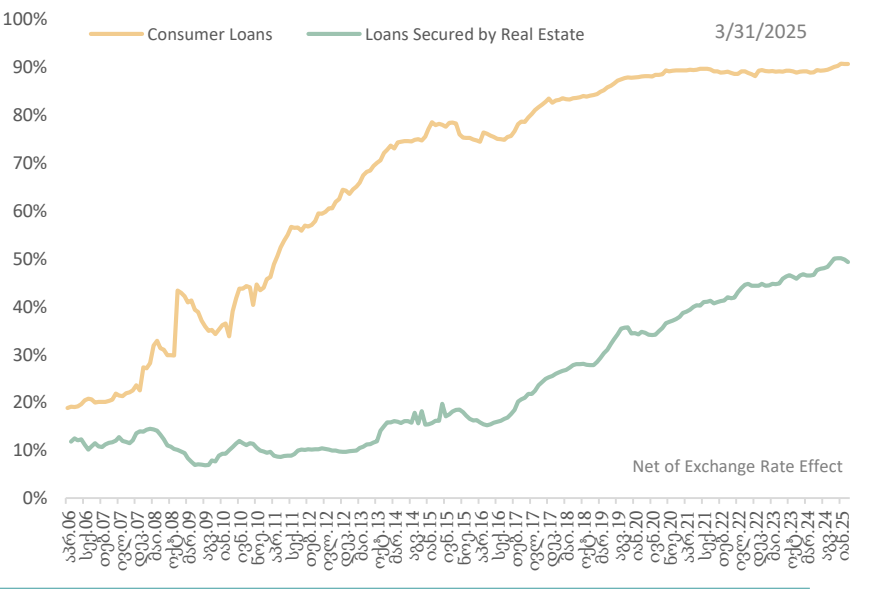
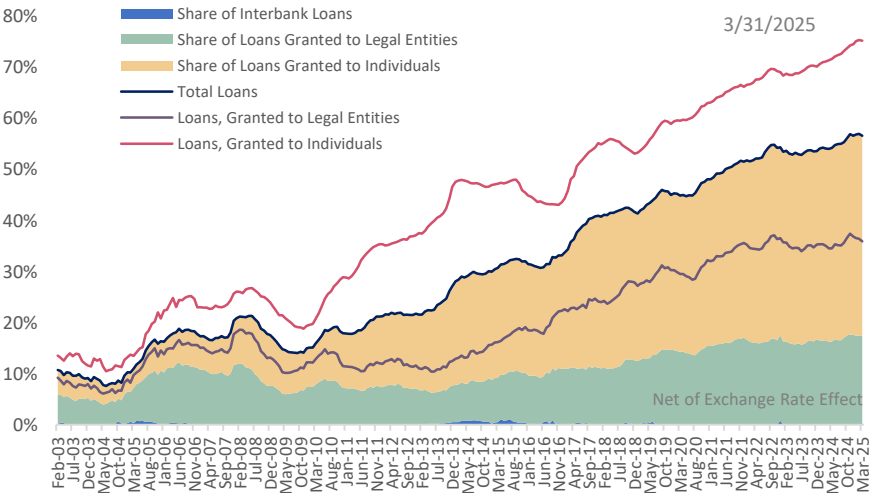
Portfolio by Residual Maturity, April 30, 2025



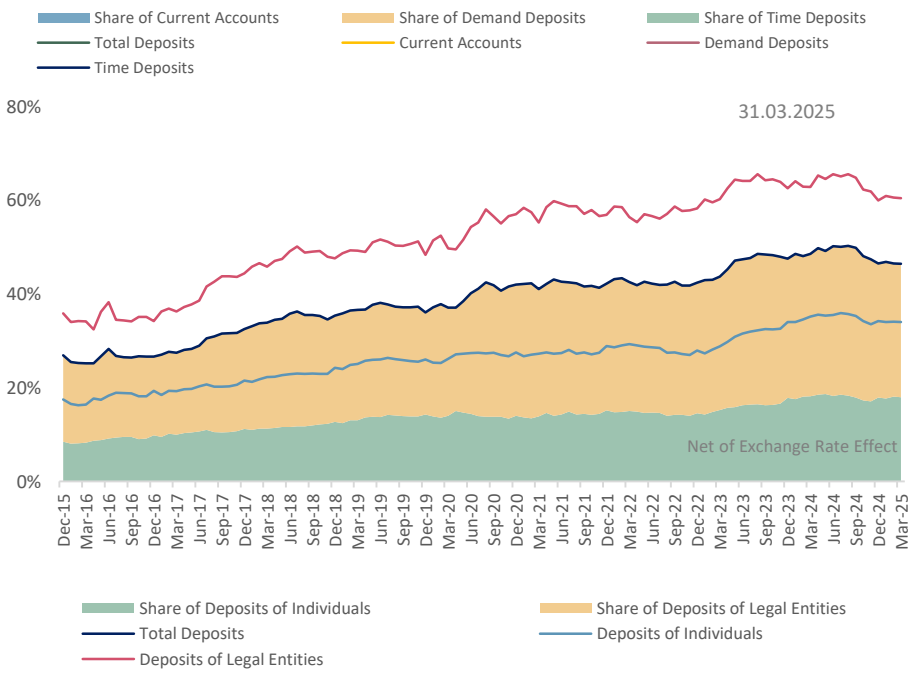
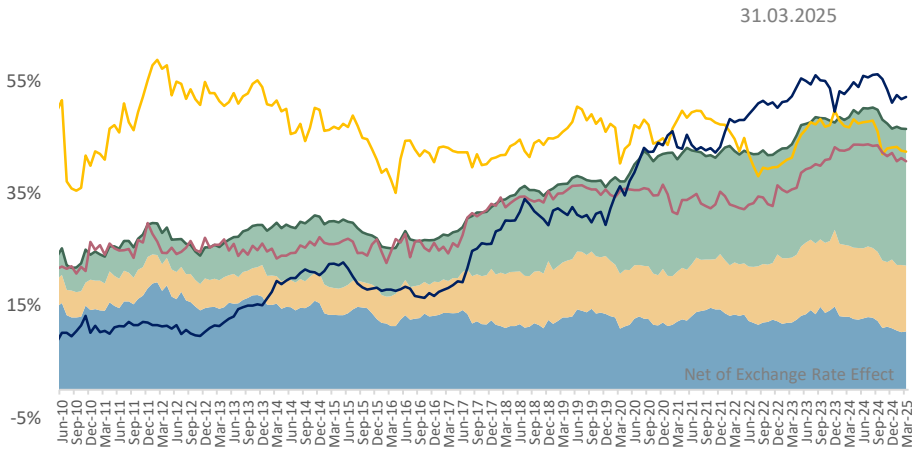
- In March 2025, 6 issuance auctions were held with the total issuance volume of 322.99 million GEL. One switch auction was held during the month.
- The weighted average interest rate amounted to 8.645%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years. The treasury securities with total amount of 90.0 millions GEL were redeemed.
- As of April 30, 2025 around 42.2% 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 23.9%) in the total portfolio.
- The Bid-to-cover ratio increased compared to the previous month's value (March 1.86) and amounted to 1.89 in April.
- In April, the average time to maturity (ATM) for the treasury security portfolio has not changed and set to 3.6 (March 3.6).

In March Loans Larization Reduced and Deposits Larization Raised

Loan Larization



Deposit Larization

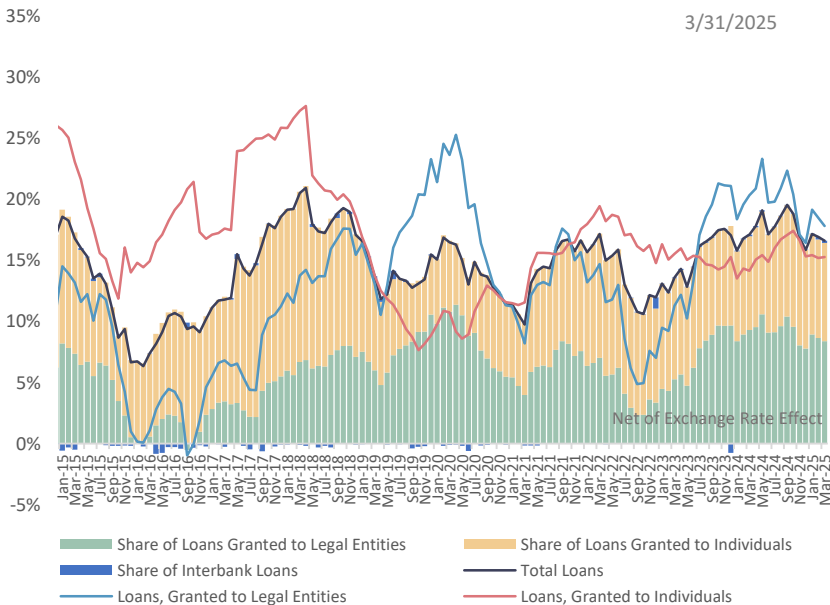


- As of February 28, 2025, the larization of total loans is 56.5 percent.
- The larization of loans to individuals is 74.9 percent.
- The larization of the loans to the legal entities amounted to 36.0 percent.
- The larization of the total deposits equals to 46.1 percent.
- The larization on the deposits of the legal entities amounted to 60.2 percent.
- The larization of the deposits of individuals is 33.7 percent.
- The larization of time deposits is 51.3 percent.
- The larization of the current accounts equals to 42.2 percent.
- The larization of the demand deposits is 40.8 percent.

In March Most of Loans Growth Rates Experienced Sharp Reduction

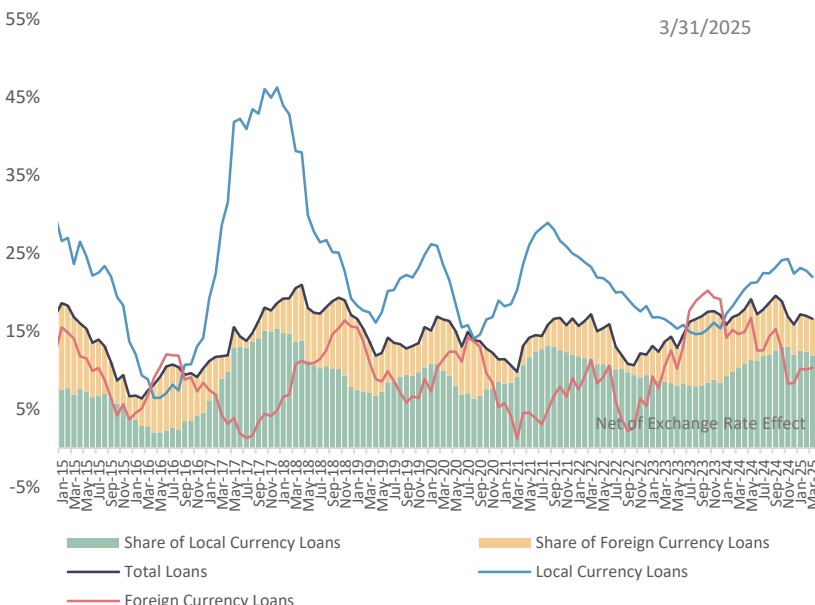
Loans Growth Rates, % y/y

3/31/2025



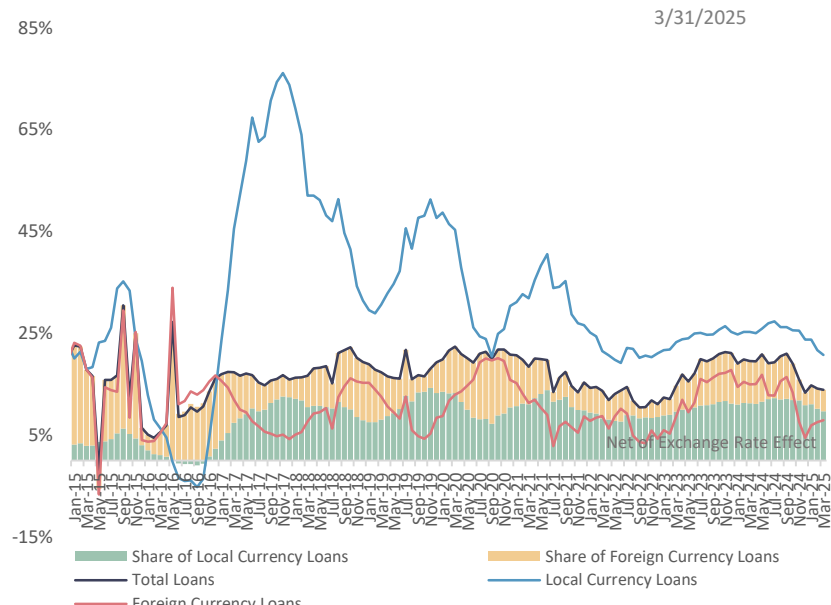
Loans by Currency, % y/y

3/31/2025



Mortgage Loans, % y/y

3/31/2025

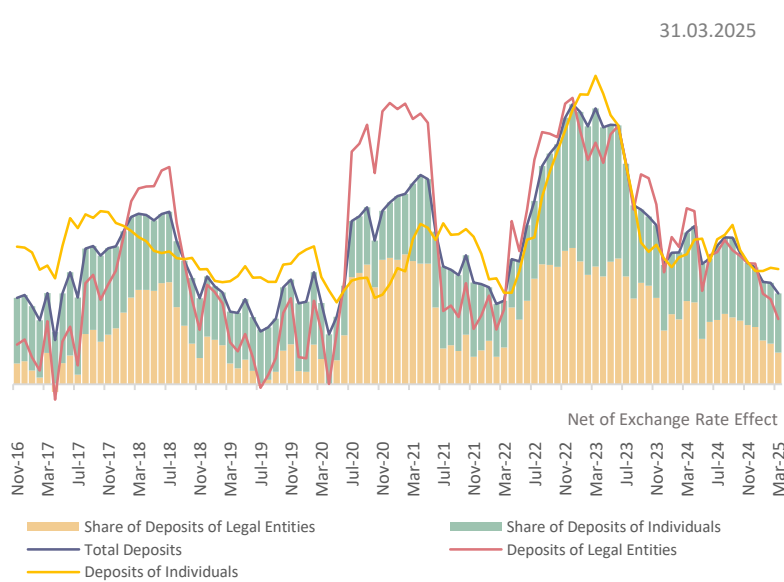


- As of February 28, 2025, the total loans increased by 16.9 percent compared to the corresponding period of 2024 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 18.5 percent.
- The annual growth of loans to individuals is 15.1 percent.
- As of March 1, 2025, the growth rate of the loans denominated in the national currency amounted to 22.7 percent.
- The annual growth of loans denominated in foreign currency amounted to 10.1 percent.
- As of February 28, 2025, the annual growth of loans secured by real estate amounted to 14.6 percent. At the same time, the mortgage loans denominated in national currency increased by 22.2 percent, while the mortgage loans denominated in the foreign currency increased by 8.1 percent.

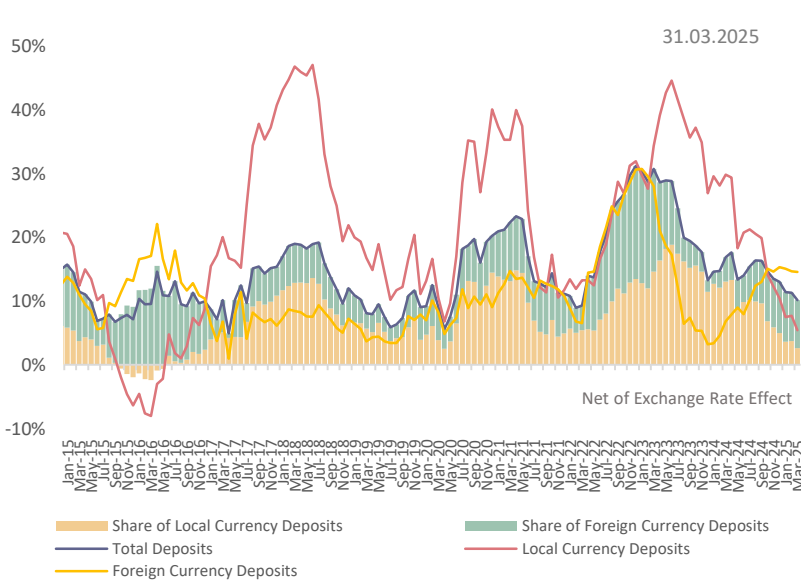
Source: NBG

In March Most of Deposits Annual Growth Rates Decreased

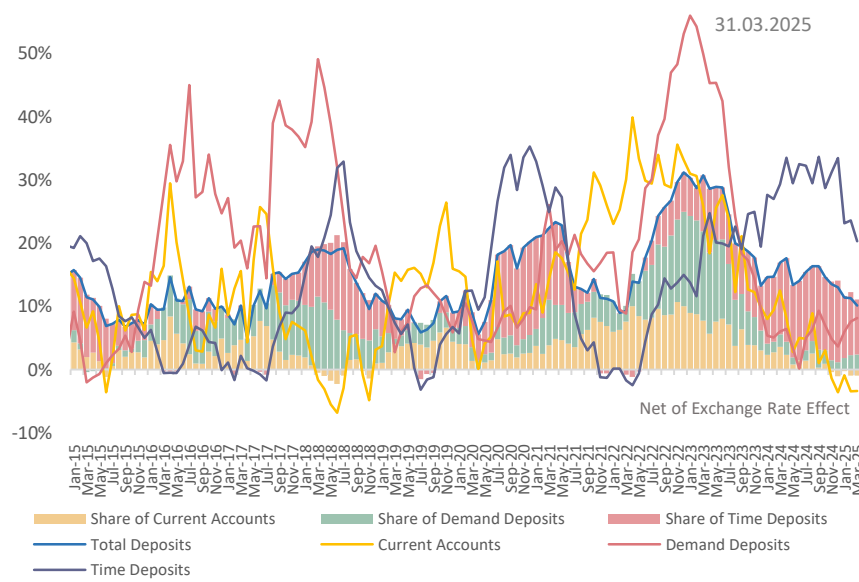
Deposits Annual Growth, % y/y



Deposits by Currency, % y/y



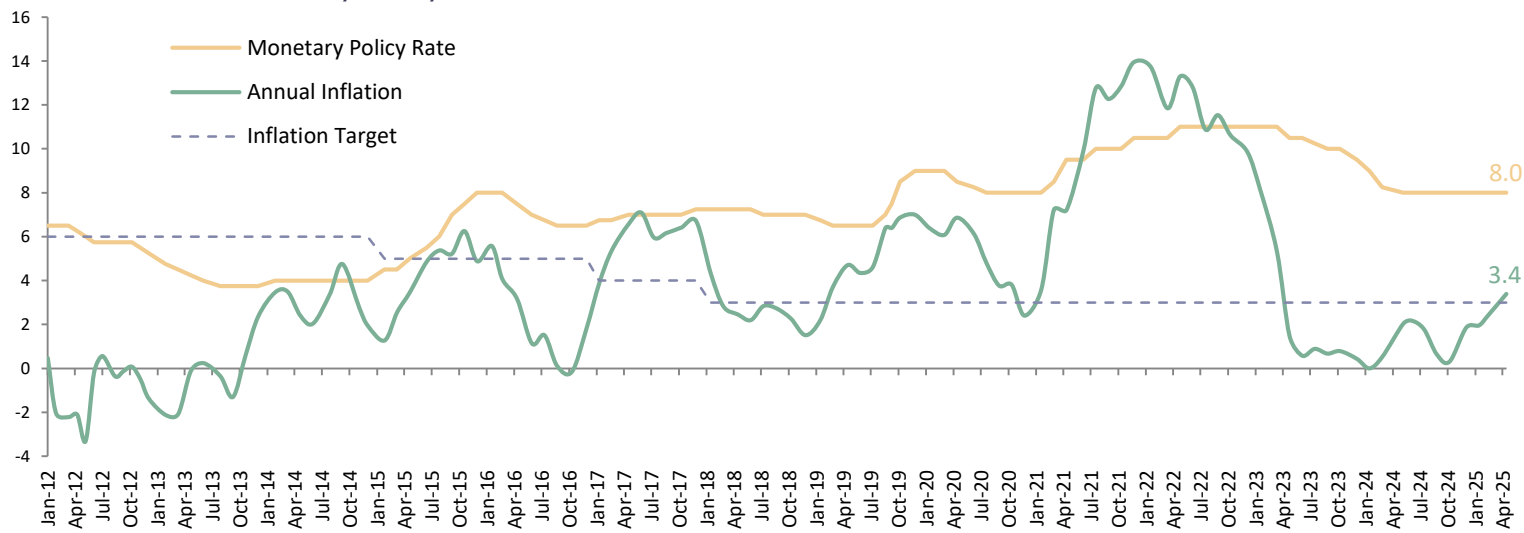
Deposits by Type, % y/y



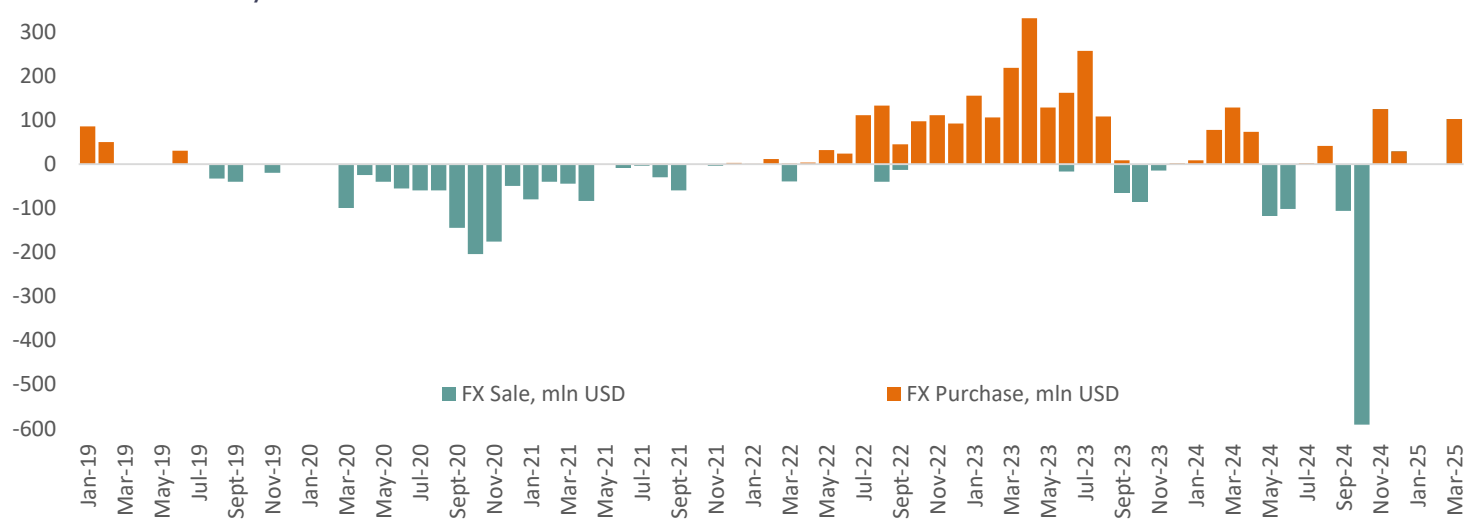
- As of March 31, 2025, the growth of the total deposits compared to the corresponding period of the previous year is -2.9 (a reduction) percent.
- The annual growth of the deposits denominated in the national currency amounted to 5.4 percent. The annual growth of the deposits denominated in foreign currency stood at 14.6 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 7.3 percent.
- The annual growth of current accounts at the end of March, 2025, was equal to -3.4 percent (a reduction).
- The annual growth of the time deposits was 20.3 percent.
- The growth of the demand deposits amounted to 8.1 percent.

Monetary Policy Rate Was at 8 percent Level in April

Inflation and Monetary Policy Rate



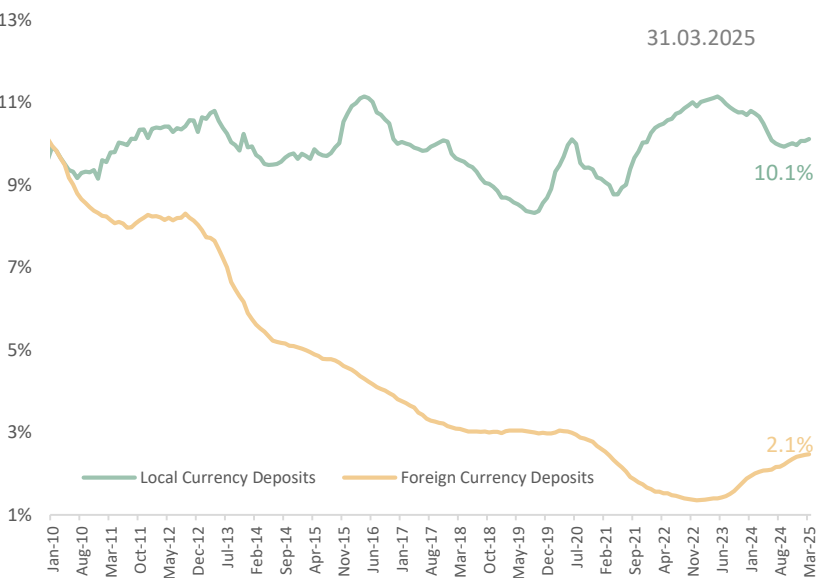
Trade of USD by NBG, mln USD



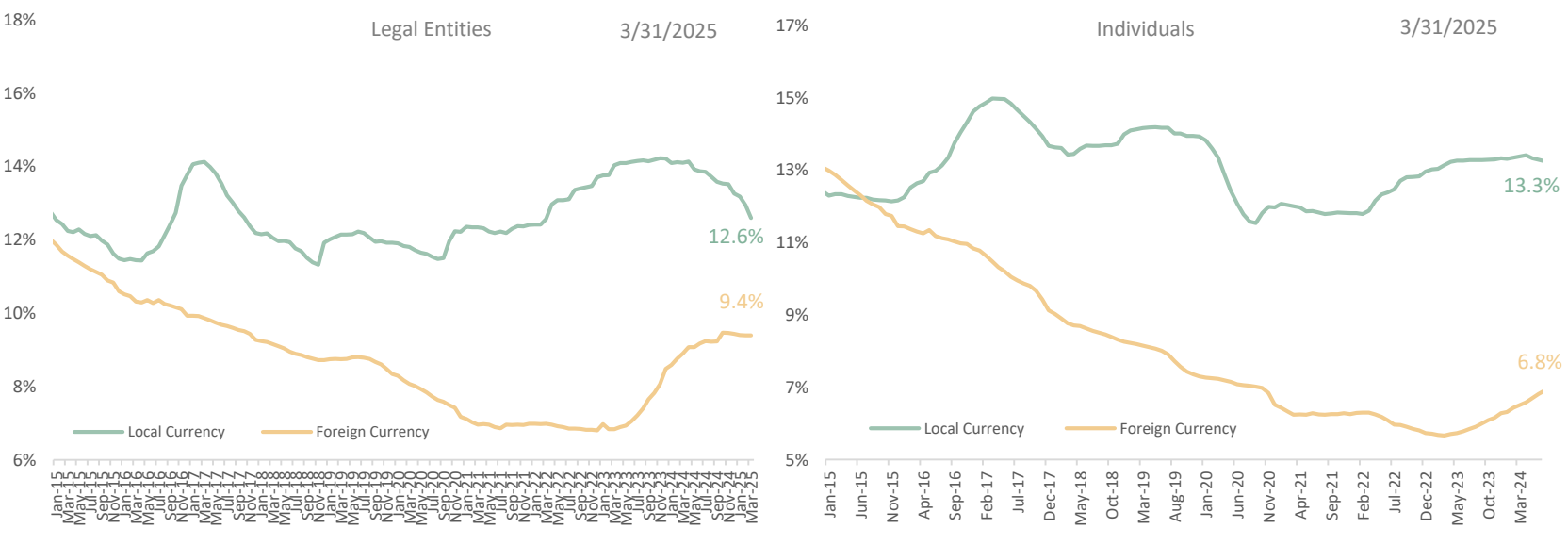
- The Monetary Policy Committee of the National Bank of Georgia (NBG) conducted a meeting in March 12, 2025. The committee decided not to change the refinancing rate and remained it at 8 per cent level.
- According to the NBG, the actual inflation remain below the target level (3 percent). Inflation for domestically produced goods and services, which better reflects long-term inflation expectations, remains aligned with the target level. The moderate increase in inflation can be attributed to the partial pass-through of increasing in international food commodity prices to the domestic market, as well as the fading base effect of the reduction in electricity tariffs. According to the NBG’s central scenario, inflation is expected to remain close to the target in the first half of 2025 and it may temporarily exceed the target and stabilize around 3% in the medium term. The inflation was 3.4 percent in April 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 May 7, 2025.
- The NBG did not intervene in the foreign exchange markets in March.

Market Interest Rates on Loans and on Deposits Changed Insignificantly in March

Interest Rates on Deposits



Interest rates on Loans secured by Real Estate



- As of April 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 10.6 percent, and in foreign currency – 3.1 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 12.3 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 15.9 percent (16.7 percent in national currency and 7.7 percent in foreign currency).
- At the end of February, 2025, the interest rate on mortgage loans denominated in local currency issued to legal entities was 12.5 percent, and in the foreign currency 9.3 percent. The interest rate on the loans to individuals in the national currency was 12.4 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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