



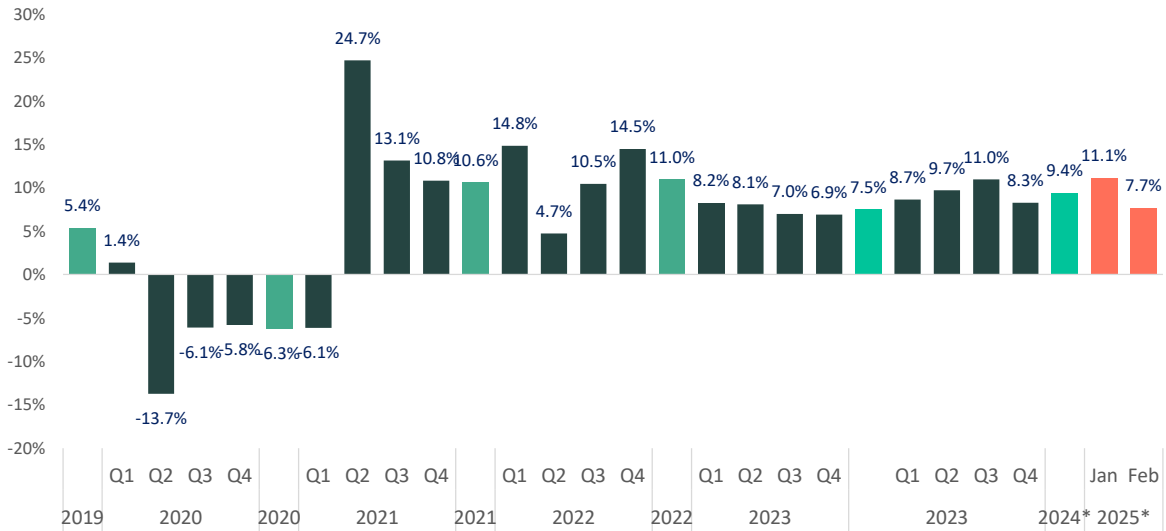
Current Economic Outlook

March, 2025

- In February 2025, the real GDP growth rate was 7.7 percent and average growth rate of 2024 was 9.4 percent, according to the preliminary estimates of the National Statistics Office.
- In March, annual inflation stood at 3.5 percent, while core inflation was 2.4 percent
- In February, exports decreased by 7.1 percent year-on-year and imports decreased by 6.6 percent year-on-year, decreasing the trade deficit by 6.3 percent year-on-year to 671.9 million USD
- For February, the real effective exchange rate depreciated by 8.5 percent compared to the same period of the previous year and by 1.0 percent compared to the previous month
- The monetary policy rate is at 8 percent in March
- By the end of March, sovereign ratings for Georgia are following:
Fitch “BB negative” S&P “BB stable” Moody’s “Ba2 negative”

According to Preliminary Estimates Economic Growth in February was Equal to 7.7 percent

Economic Growth, % y/y

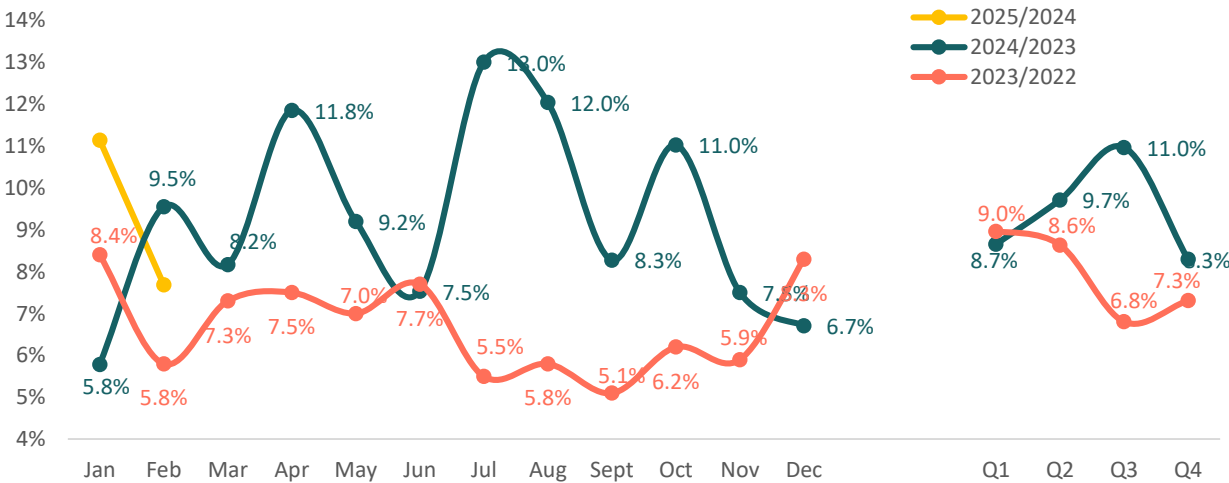


- Estimated real GDP growth rate in February 2025 equaled 7.7 percent YoY, while the seasonally adjusted economic growth in February comparing to the previous month was -0.5 percent. Average annual real GDP growth rate for 2024 equals to 9.4 percent.
- In February 2025 the estimated real growth compared to the same period of the previous year was observed in the following activities: Professional, scientific and technical activities, Information and Communication, Transportation and storage, Energy, Mining and quarrying.

Economic Growth, % m/m

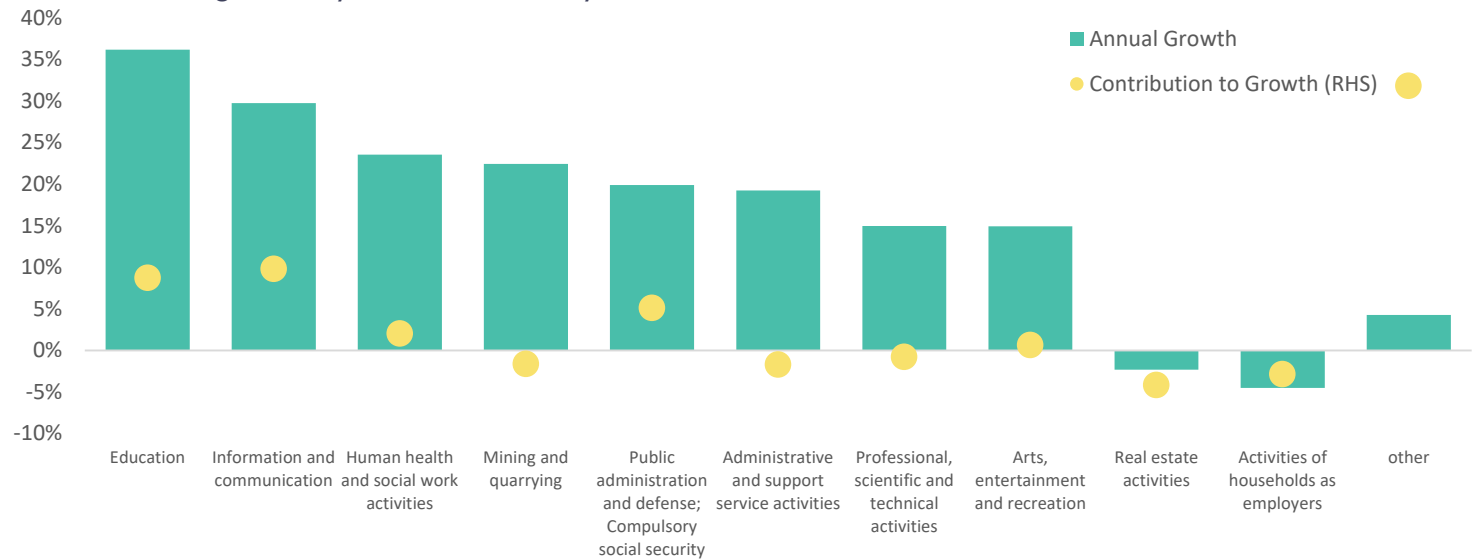


Economic Growth, 2025-2019



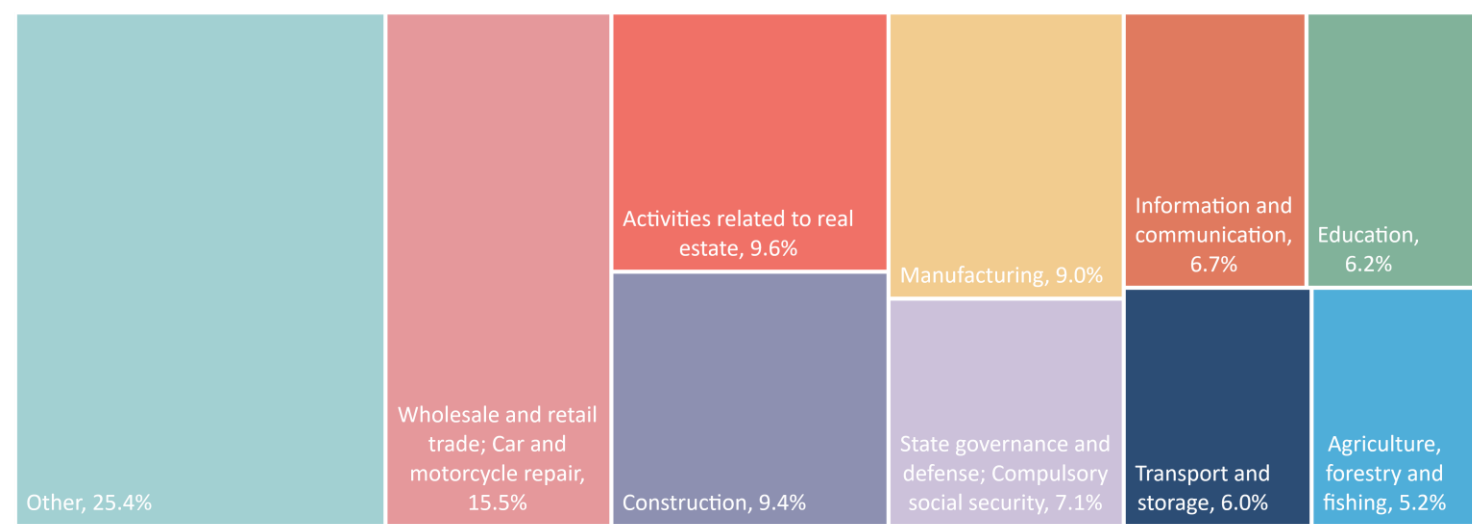
According to Preliminary Estimates, Real GDP Increased by 8.3 percent in the Fourth Quarter of 2024

Real GDP growth by economic activity, 2024 IV Quarter



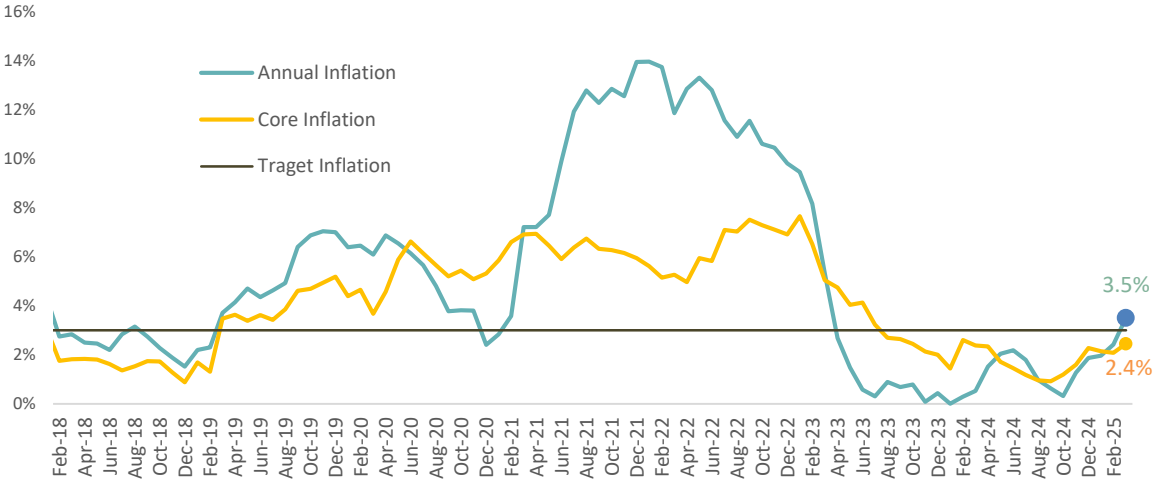
- According to preliminary estimates, the economy grew by 8.3 percent in the fourth quarter of 2024, and growth in the first three quarters was set at 8.7, 9.7 and 11.0 percent. Growth in the fourth quarter of 2024 represents a 38.9 percent increase over the fourth quarter of 2019.
- The following industries 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

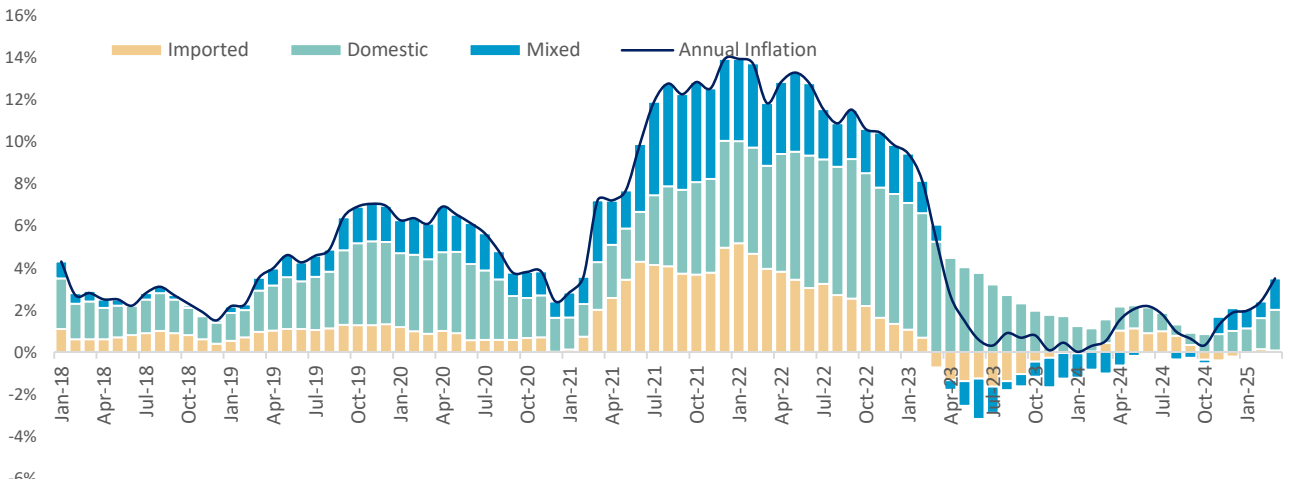


Annual Inflation in March has Reached 3.5 percent

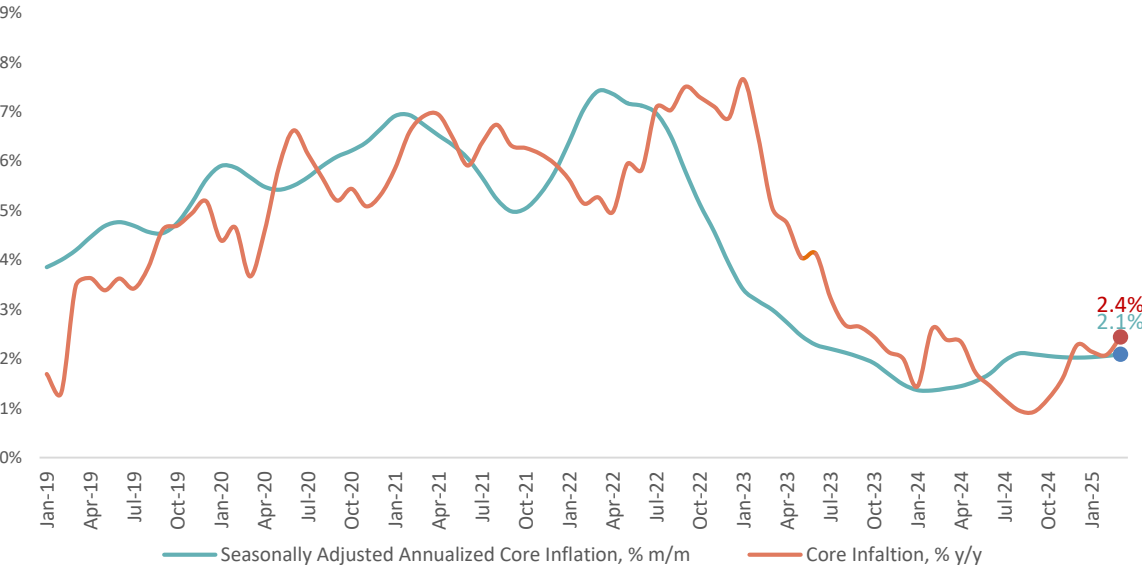
Total and Core Inflation, % y/y



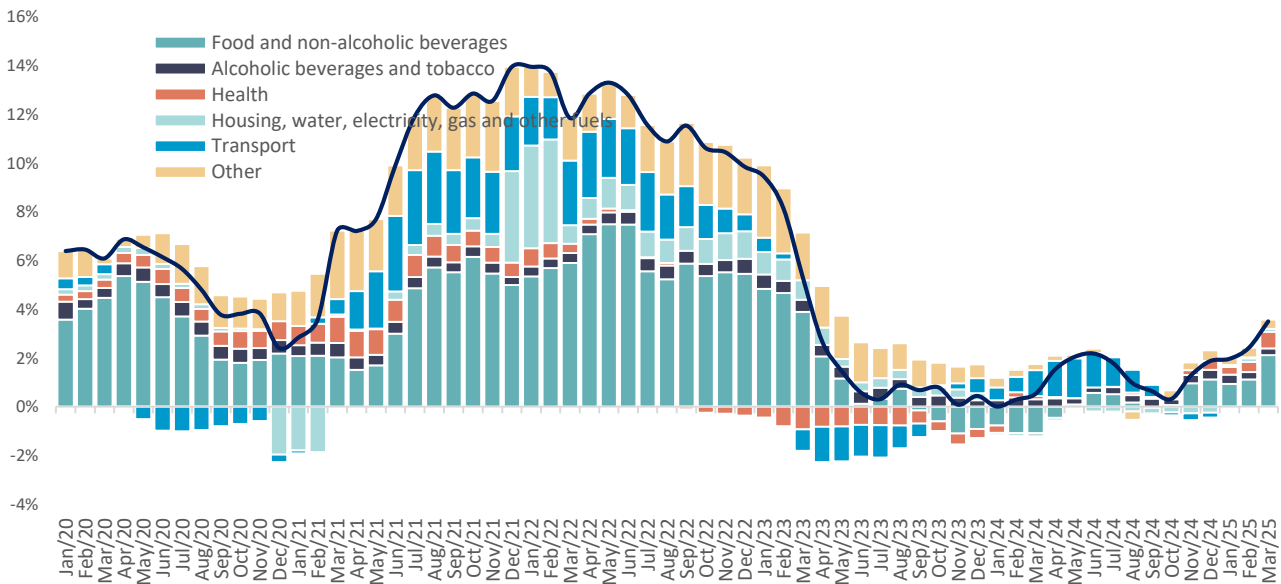
Inflation Decomposition



Core Inflation, % m/m



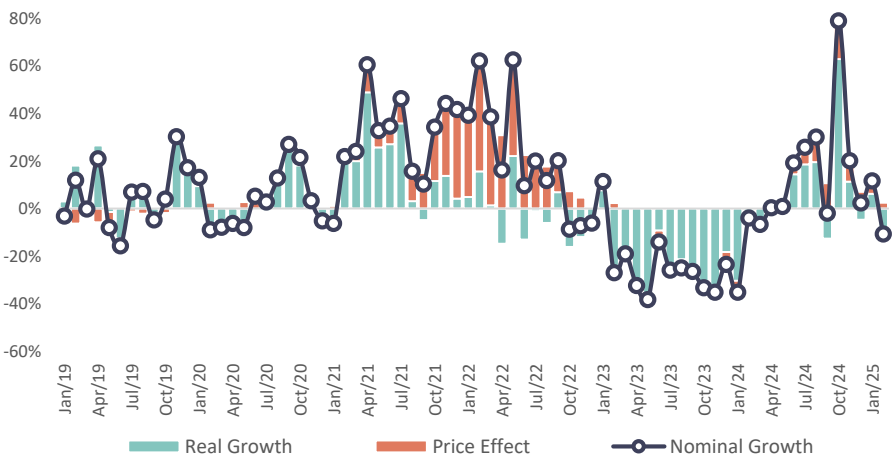
Inflation Decomposition by product group



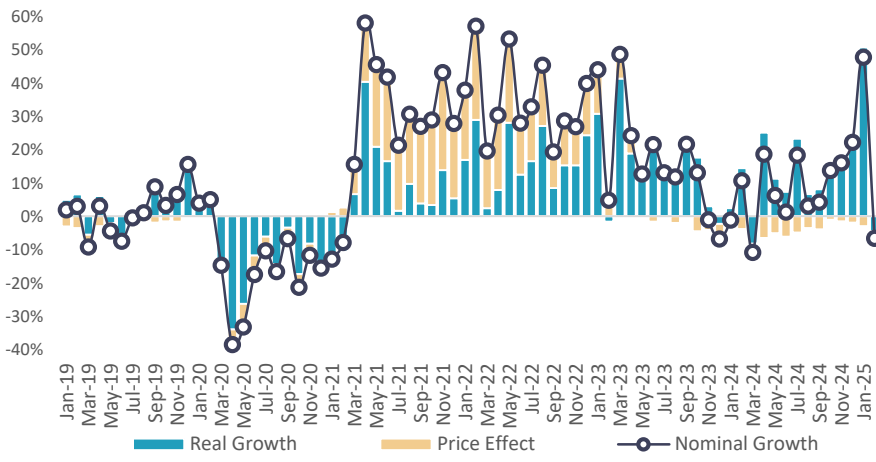
Source: Geostat, NBG, MOF

Trade Deficit in February Decreased by 6.3 percent Annually

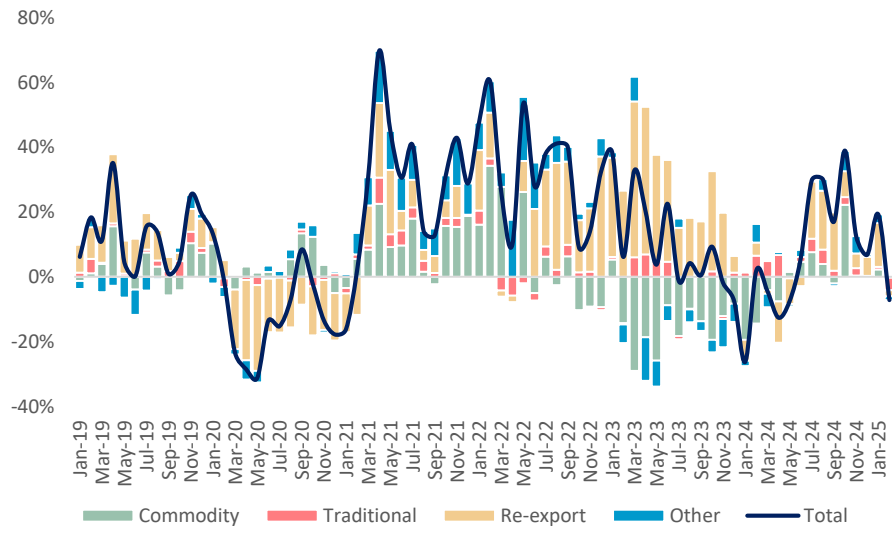
Change of Domestic Export, %y/y



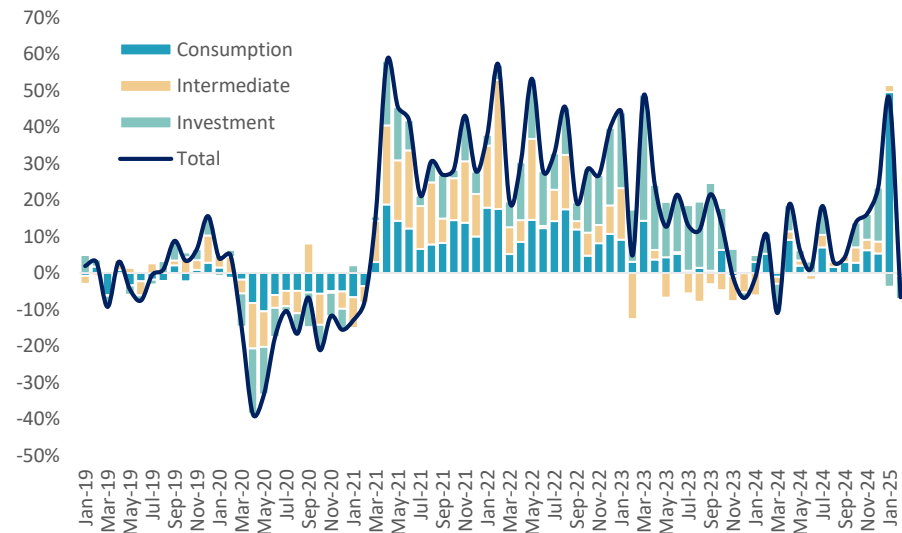
Change of Import, %y/y



Decomposition of Export



Decomposition of Change of Import, %y/y

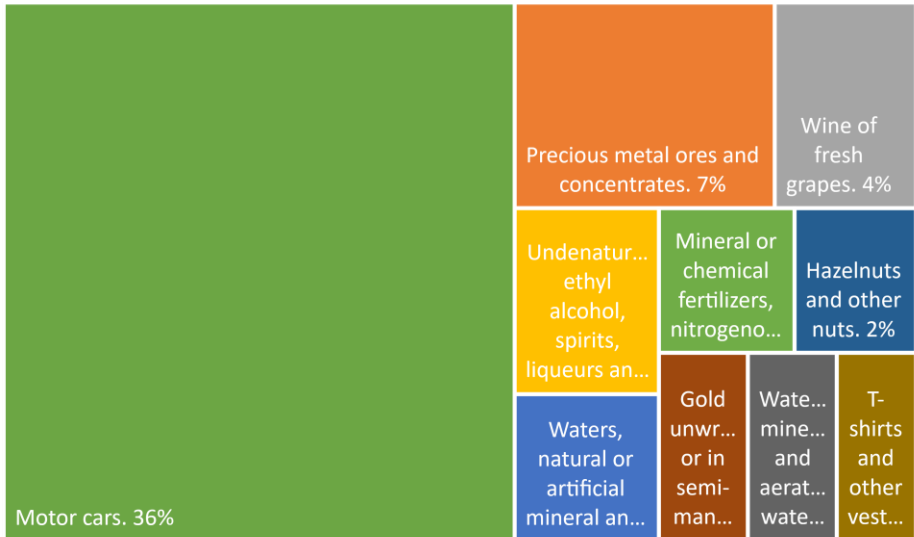


- Export in February decreased annually by 7.1 percent to 431.5 million USD.
- Domestic export decreased annually by 10.8 percent to 202.2 million USD.
- Import annually decreased by 6.6 percent to 1 103.4 million USD in February.
- Trade deficit annually decreased by 6.3 percent to 671.9 million USD.
- Share of re-export in export growth is equal to -1.9 percent (-3.6 %y/y), while share of traditional product export is -3.9 percent (-28.1 %y/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to -6.4, 0.5 and -0.7 percent, respectively.

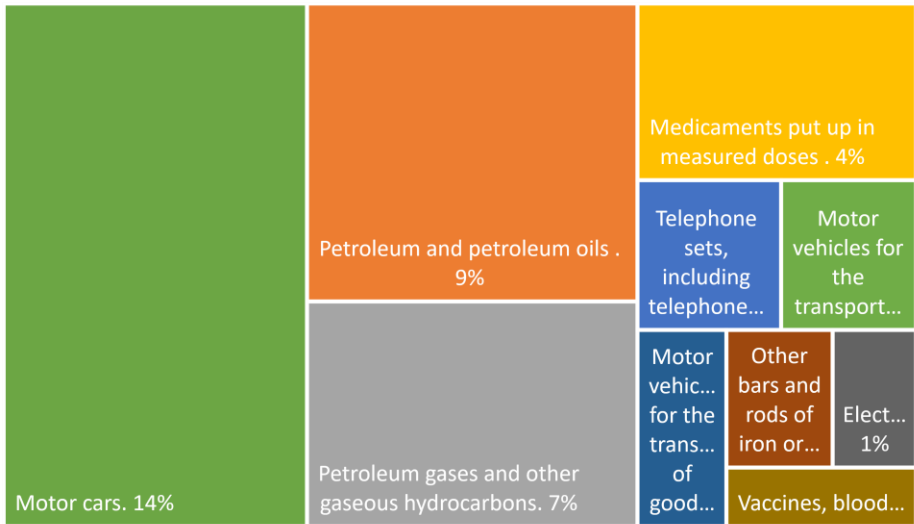
Source: Geostat, MOF

International Trade is Characterized by Stable Diversification

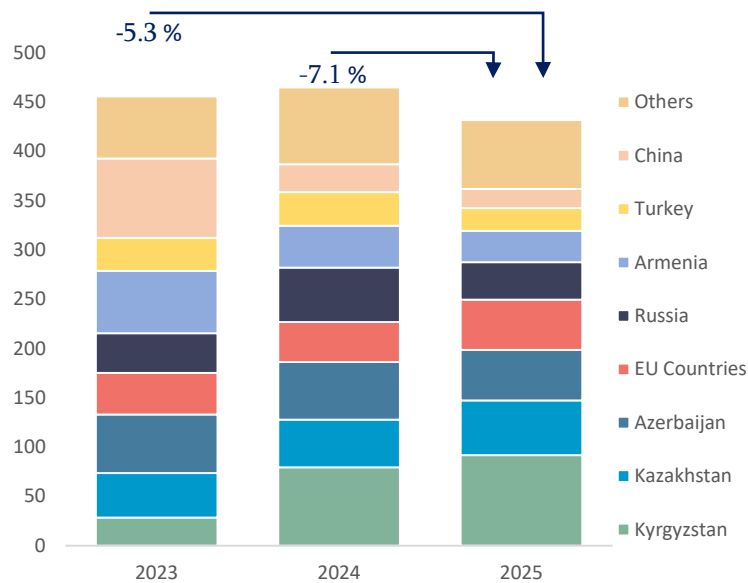
Top 10 Export goods, % of total Export



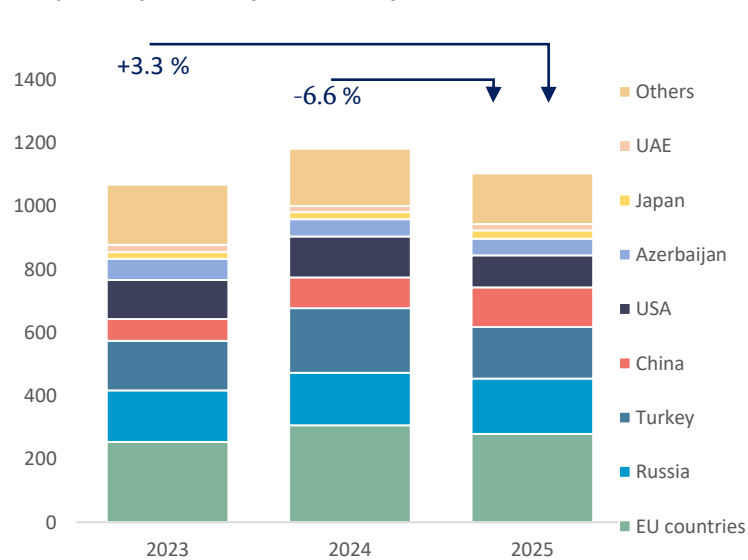
Top 10 Import goods, % of total Import



Export by country, February



Import by country, February



Top Export Products:

- Motor cars: 155.2 million. USD – 36.0 percent of total exports.
- Precious metal ores and concentrates: 30.2 million USD – 7.0 percent of total exports.
- Wine of fresh grapes: 16.4 mln. USD – 3.8 percent of total exports.

Top Import Products:

- Motor cars: 153.1 million. USD – 13.9 percent of total imports.
- Petroleum and petroleum oils: 95.0 million US dollars – 8.6 percent of total imports.
- Petroleum gases and other gaseous hydrocarbons: 71.8 million USD – 6.5 percent of total imports.

Top Export Country:

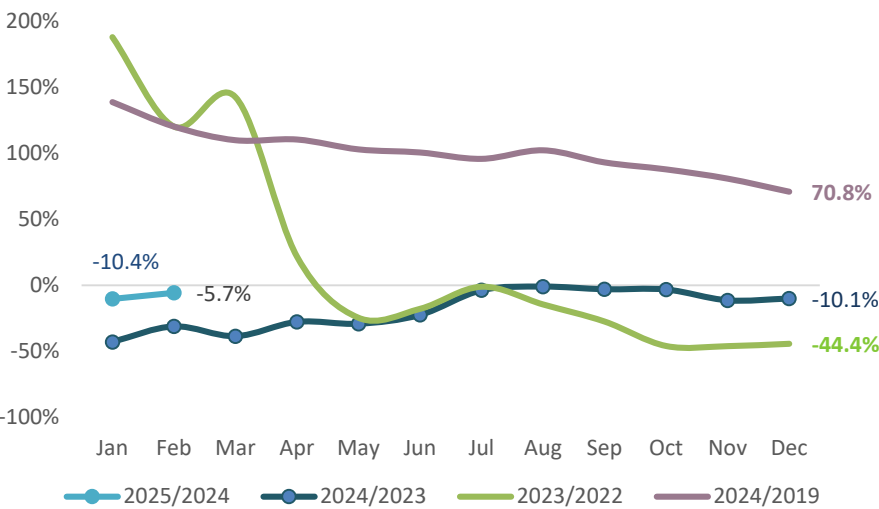
- Kyrgyzstan: 91.7 million USD – 21.2 percent.
- Kazakhstan: 55.5 million USD – 12.9 percent.
- Azerbaijan: 51.5 million USD - 11.9 percent.

Top Import Country:

- European Union: 279.3 million. USD – 25.3 percent.
- Russia: 175.0 million USD – 15.9 percent.
- Turkey: 163.2 million USD – 14.8 percent.

Net Remittances Decreased by 5.7 percent in February 2025

Net Remittances, 2025-2019

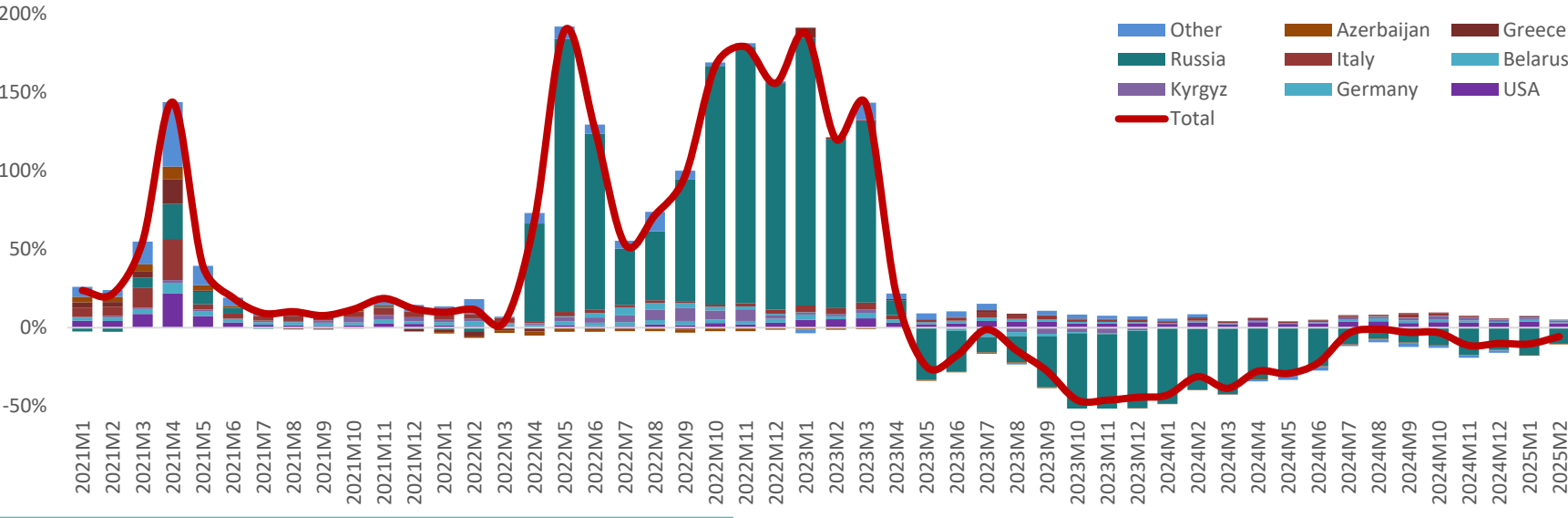


Net Remittances, February 2025

| Country | Net Remittances (USD million) | Change, %y/y | Share in growth, pp |
|---------|-------------------------------|--------------|---------------------|
| USA | 46.3 | 15.0 | 2.5 |
| Italy | 43.4 | -0.2 | 0.0 |
| Russia | 27.1 | -47.0 | -10.1 |
| Israel | 21.1 | 5.8 | 0.5 |
| Germany | 19.2 | 9.8 | 0.7 |
| Greece | 17.9 | 1.9 | 0.1 |
| Other | 44.1 | 2.7 | 0.5 |

- In February 2025, net remittances were estimated at 223.6 million USD, representing a 5.7 percent annual decrease. Relative to corresponding month of 2019, Net Remittances increased by 107.5 percent.
- Net Remittances increased from:
 - USA: 15.0 percent (contributing 2.5 pp to total growth)
 - Kyrgyz Republic: 114.1 percent (1.3 pp contribution to overall growth)
 - Israel: 9.8 percent (0.7 pp contribution to overall growth)
- Net Remittances decreased from:
 - Russia: -47.0 percent (-10.1 pp contribution to total growth)
 - Kazakhstan: -45.3 percent (-1.8 pp contribution to total growth)
 - Iraq: -273.1 percent (-0.5 pp contribution to total growth)

Net Remittances by country, %y/y

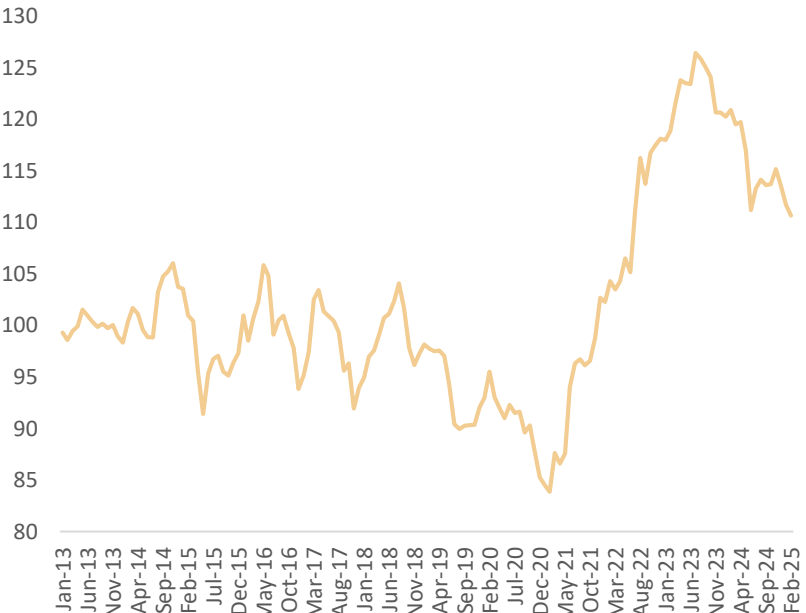


Real Effective Exchange Rate Depreciated by 8.5 percent in February

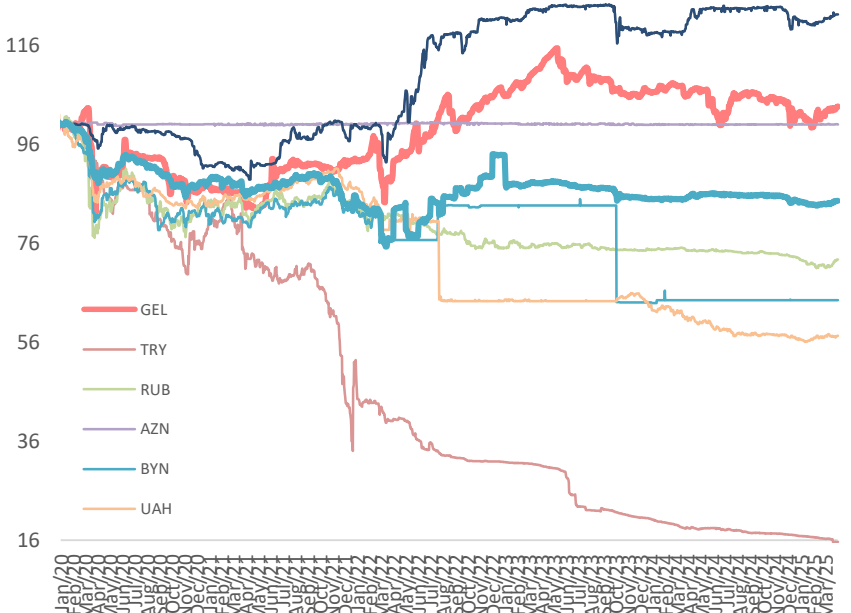
NEER: 2013 = 100



REER: 2013 = 100



USD Exchange Rates March 31, 2025



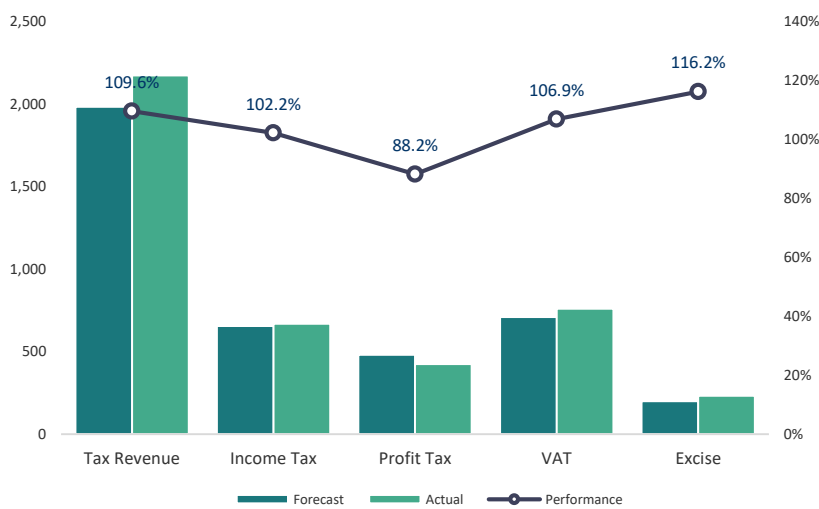
Note: Increase means appreciation

| | April 1, 2025 | | April 1, 2025 - Jan 1, 2025 | | April 1, 2025 - Jan 1, 2024 |
|----------------------|---------------|---|-----------------------------|---|-----------------------------|
| Euro | 2.9890 | ▼ | -2.0% | ▼ | -0.5% |
| US Dollar | 2.7648 | ▲ | 1.8% | ▼ | -2.7% |
| Turkish Lira | 0.0729 | ▲ | 9.2% | ▲ | 24.8% |
| Russian Ruble | 0.0325 | ▼ | -20.4% | ▼ | -7.8% |
| NEER | 189.48 | ▼ | -1.8% | ▲ | 1.7% |
| REER (February 2025) | 136.18 | ▼ | -2.5% | ▼ | -8.3% |

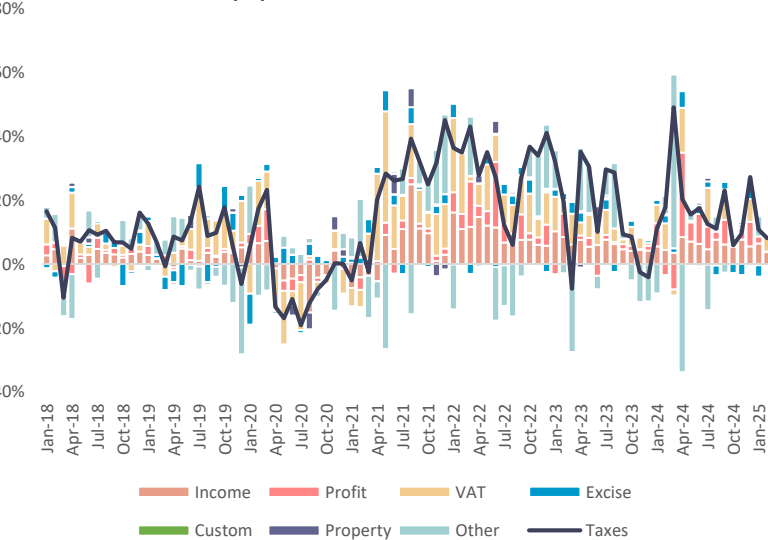
Source: NBG

Tax Revenues in March is Above the Forecast Value by 9.6 percent

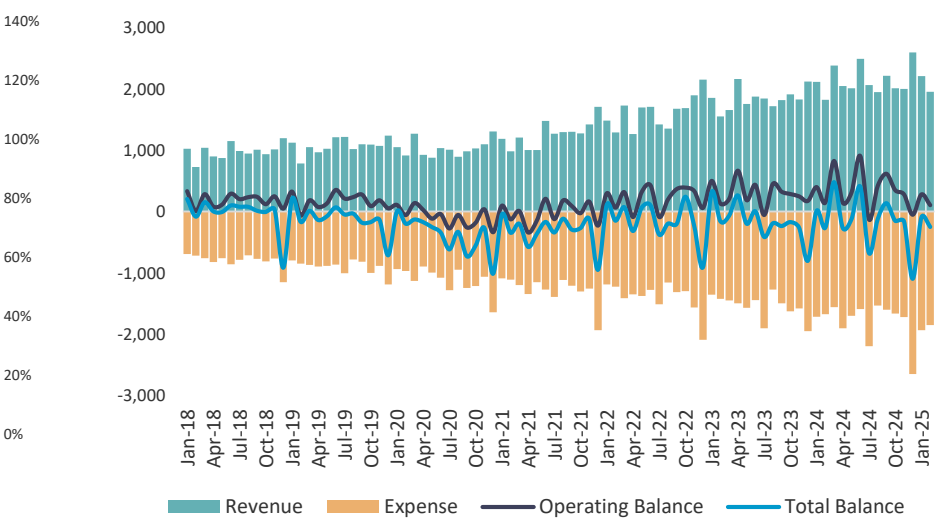
Budget Revenue Performance, March 2025



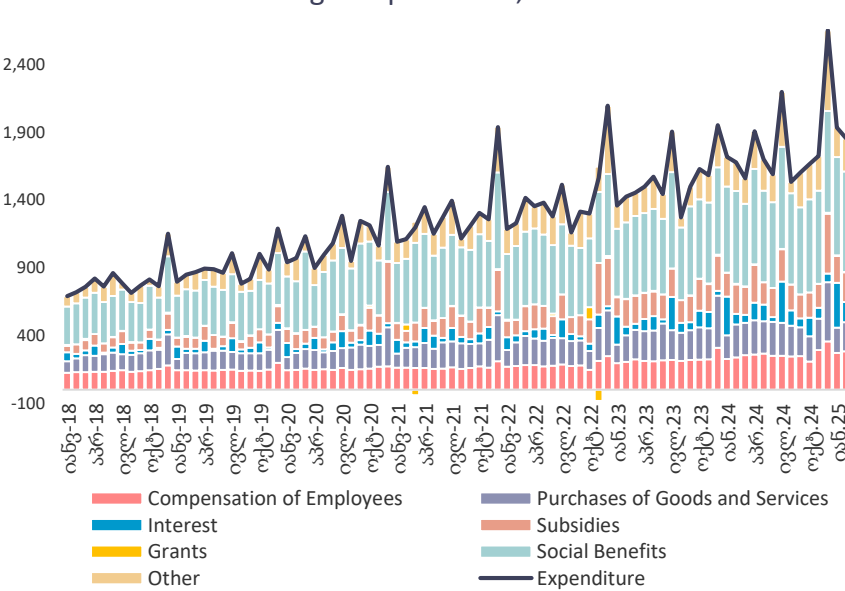
Tax Income, % y/y



Consolidated Budget, mln GEL



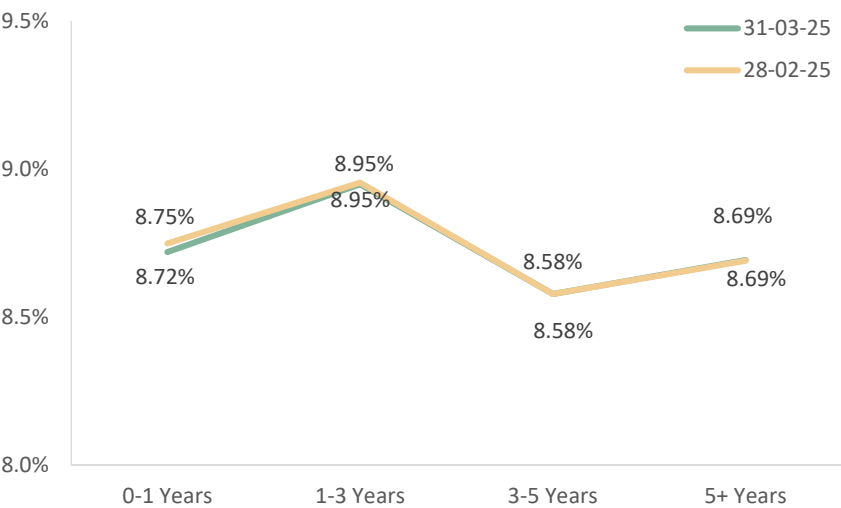
Consolidated Budget Expenditure, mln GEL



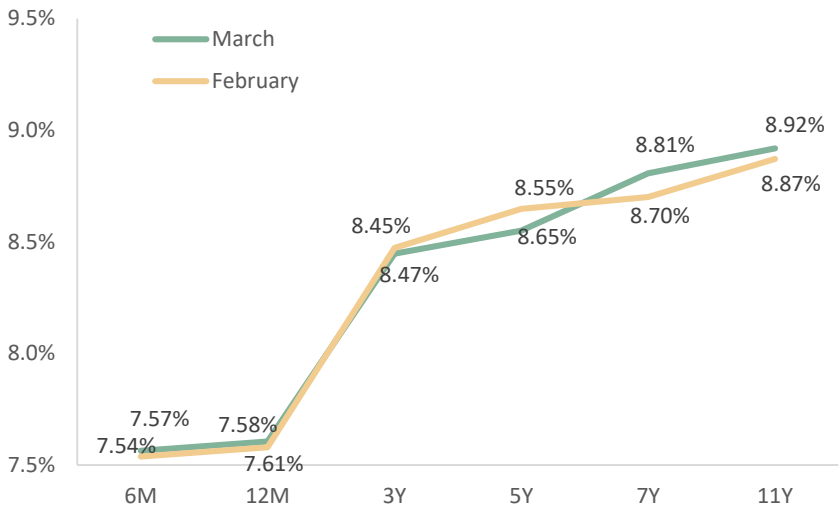
- The actual level of tax income in March 2025 was 2,174 mln GEL, which is 9.6 percent above the forecasted value.
- Consolidated budget revenues increased by 7.3 percent and expenditures increased by 10.5 percent in February.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 105.2 million GEL, while the total balance was set at negative 248.8 million GEL.
- Revenue from taxes had a significant impact on revenue from VAT and Income taxes in February, accounting for 5.2 and 3.7 percent of total growth, respectively.

Treasury Financial Securities Portfolio Changed in March

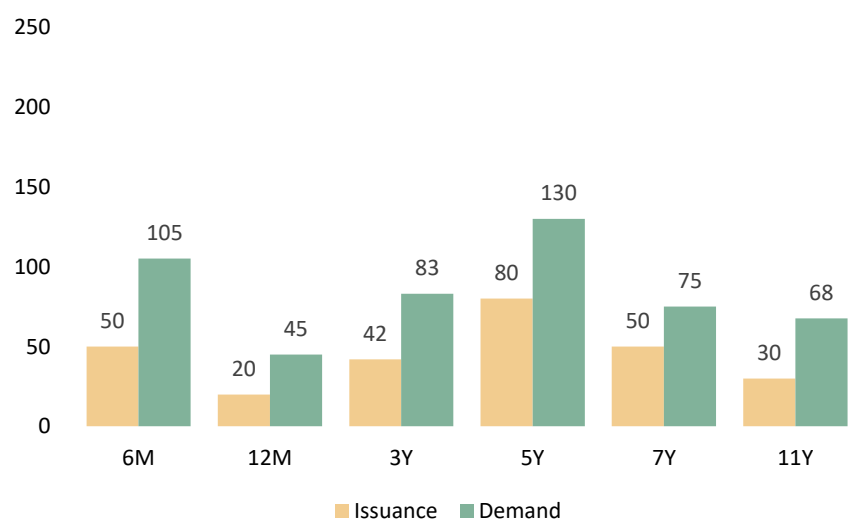
Portfolio Yield Curve



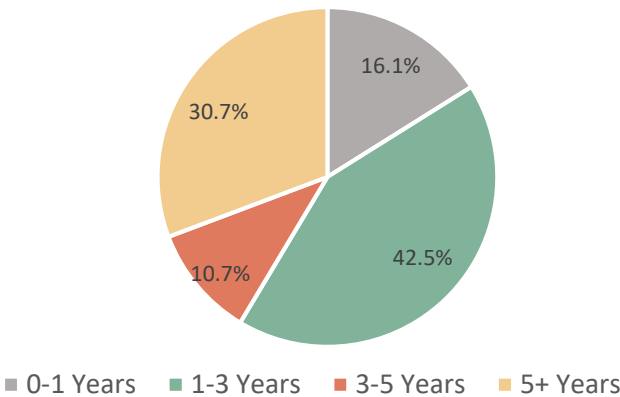
Weighted Average Interest Rates



Issuance and Demand of Treasury Bonds, mln GEL



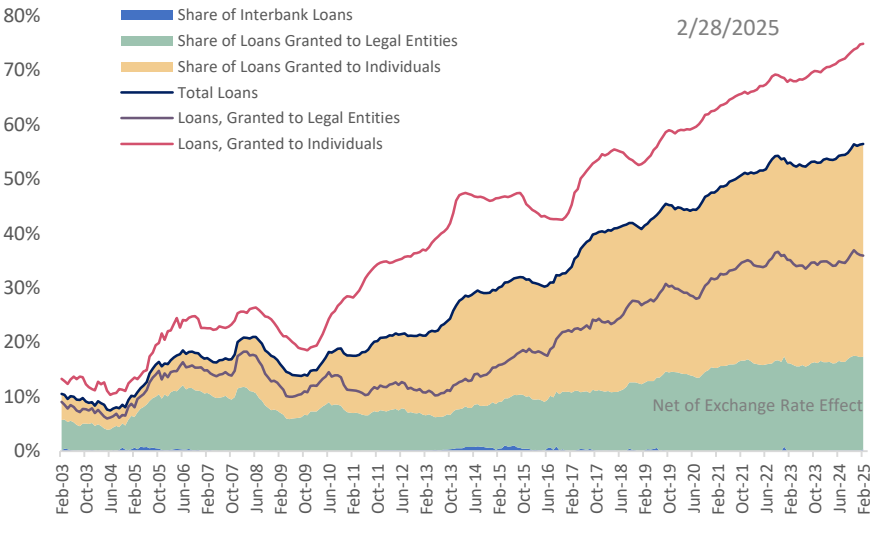
Portfolio by Residual Maturity, March 31, 2025



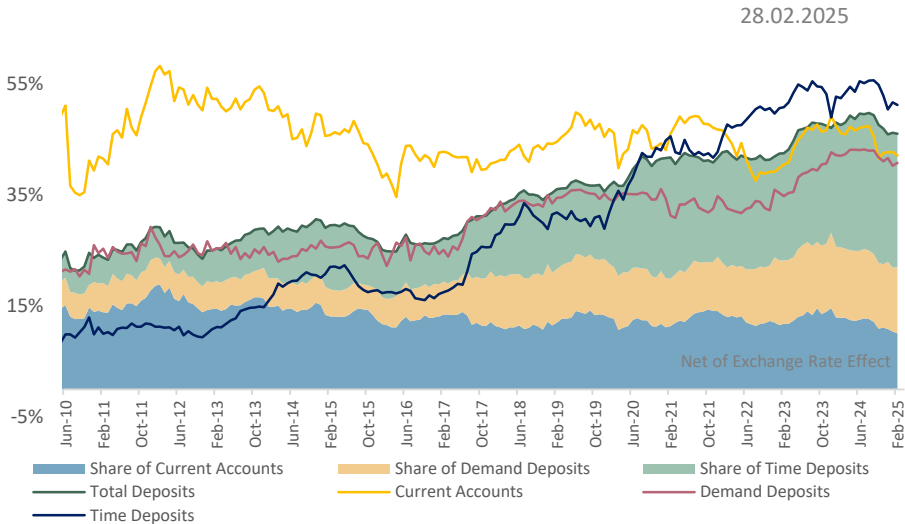
- In March 2025, 6 issuance auctions were held with the total issuance volume of 322.99 million GEL. One switch auction was held during the month.
- The weighted average interest rate amounted to 8.44%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years. The treasury securities with total amount of 90.0 millions GEL were redeemed.
- As of March 31, 2025 around 42.5% 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 5 years and more) have also a sizable share (at around 30.7%) in the total portfolio.
- The Bid-to-cover ratio decreased compared to the previous month's value (February 2.22) and amounted to 1.86 in March.
- In March, the average time to maturity (ATM) for the treasury security portfolio has not changed to 3.6 (February 3.6).

In February Loans Larization Fell and Deposits Larization Raised

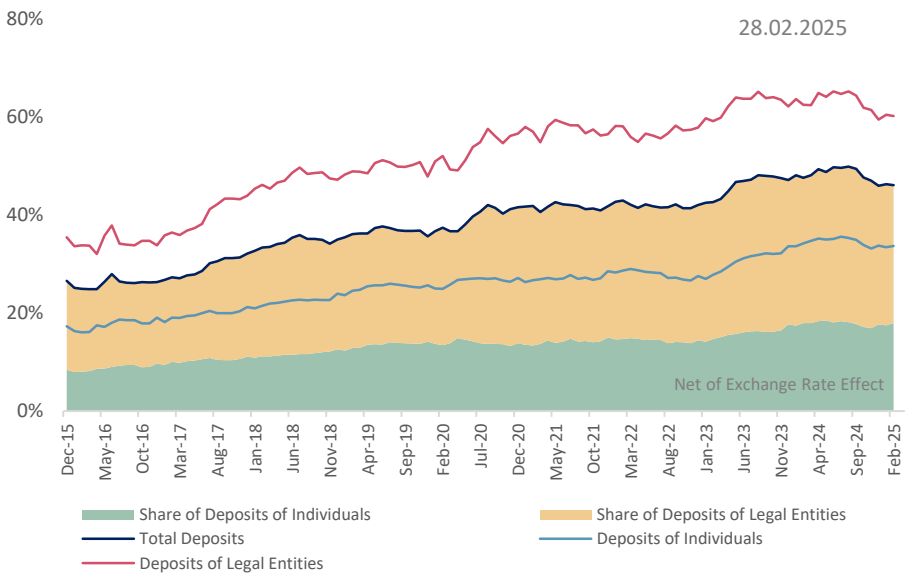
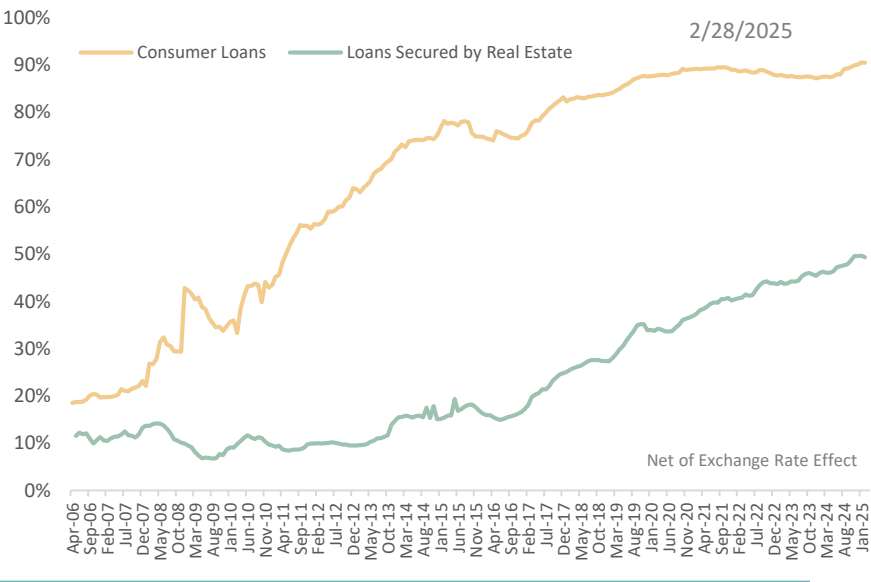
Loan Larization



Deposit Larization

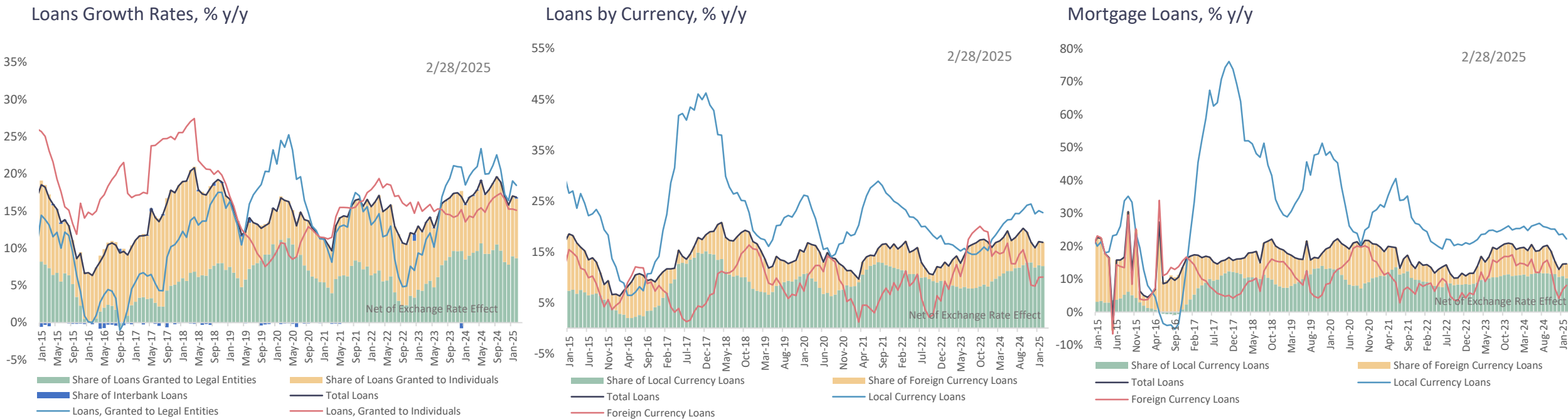


- As of February 28, 2025, the larization of total loans is 56.5 percent.
- The larization of loans to individuals is 74.9 percent.
- The larization of the loans to the legal entities amounted to 36.0 percent.
- The larization of the total deposits equals to 46.1 percent.
- The larization on the deposits 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.



Source: NBG

In February Still Loans Were Characterized by High Annual Growth Rates

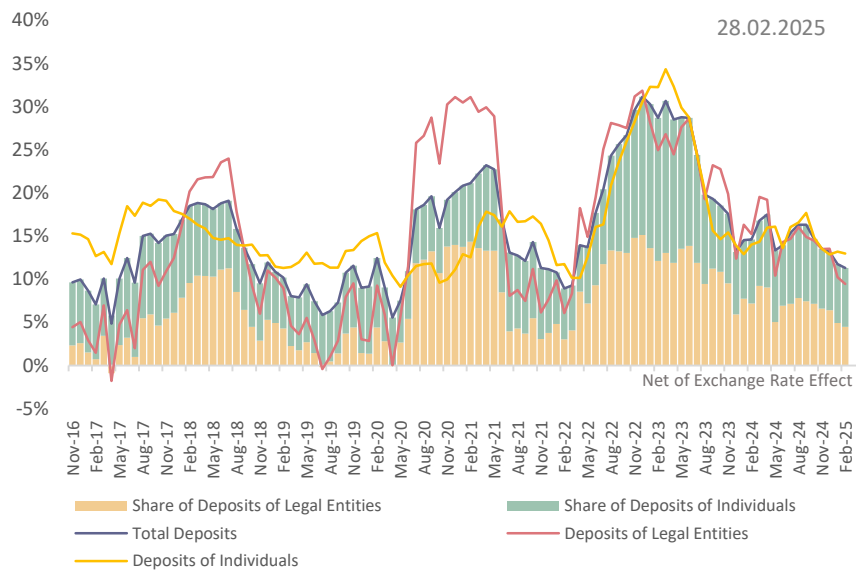


- As of February 28, 2025, the total loans increased by 16.9 percent compared to the corresponding period of 2024 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 18.5 percent.
- The annual growth of loans to individuals is 15.1 percent.
- As of March 1, 2025, 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.

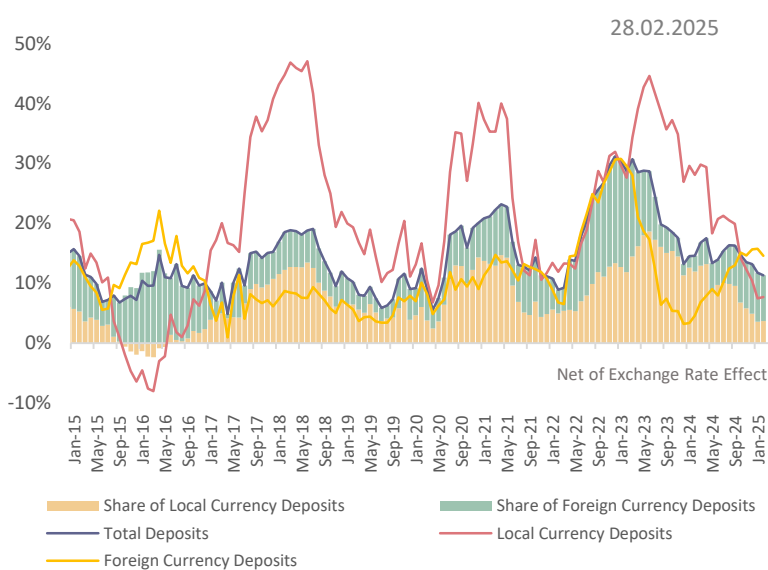
Source: NBG

In February Most of Deposits Annual Growth Rates Decreased

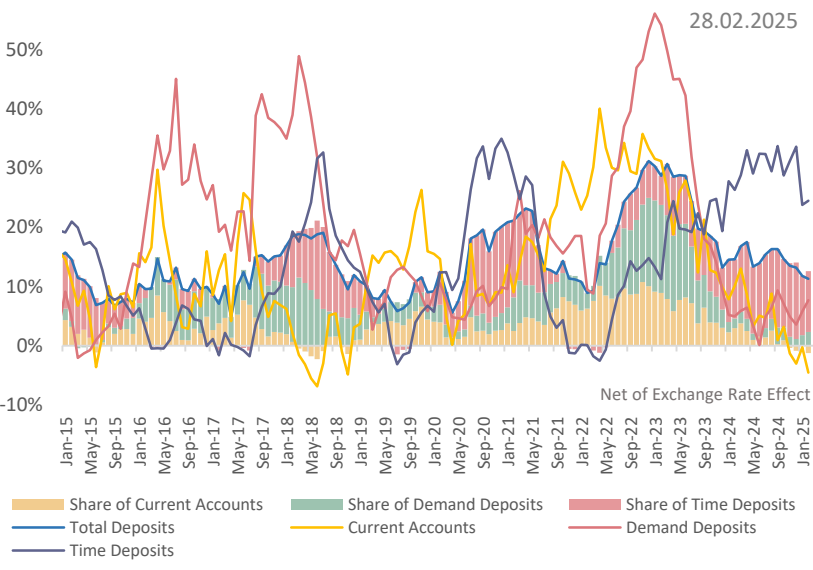
Deposits Annual Growth, % y/y



Deposits by Currency, % y/y



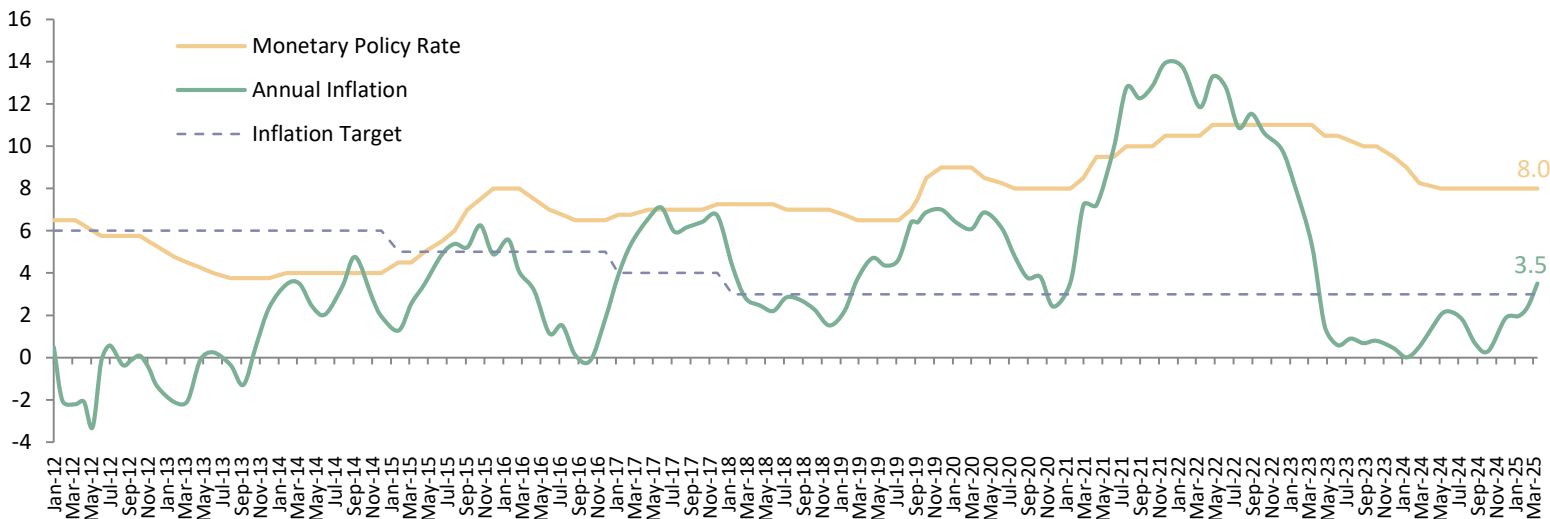
Deposits by Type, % y/y



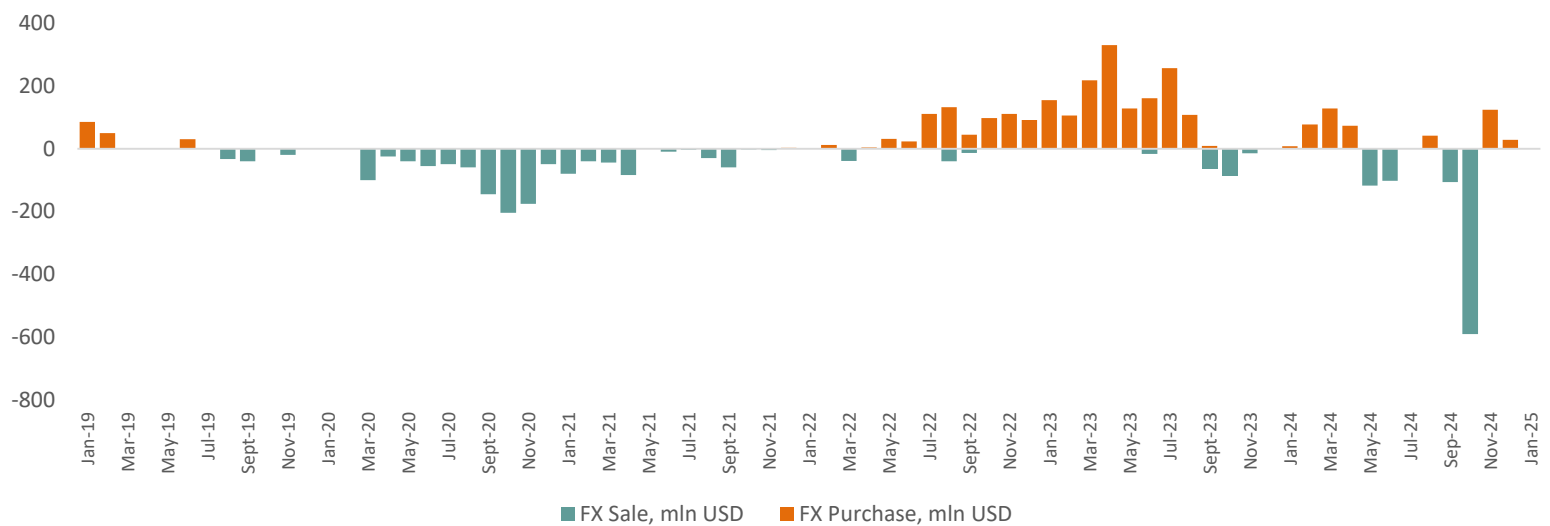
- As of February 28, 2025, the growth of the total deposits compared to the corresponding period of the previous year is 11.3 percent.
- The annual growth of the deposits denominated in the national currency amounted to 7.7 percent. The annual growth of the deposits denominated in foreign currency stood at 14.6 percent over the same period.
- The growth of deposits of individuals amounted to 13.0 percent, while the annual growth of deposits of legal entities in the same period amounted to 9.4 percent.
- The annual growth of current accounts at the beginning of March, 2025, was equal to -4.5 percent (a reduction).
- The annual growth of the time deposits was 24.5 percent.
- The growth of the demand deposits amounted to 7.7 percent.

Monetary Policy Rate Was at 8 percent Level in March

Inflation and Monetary Policy Rate



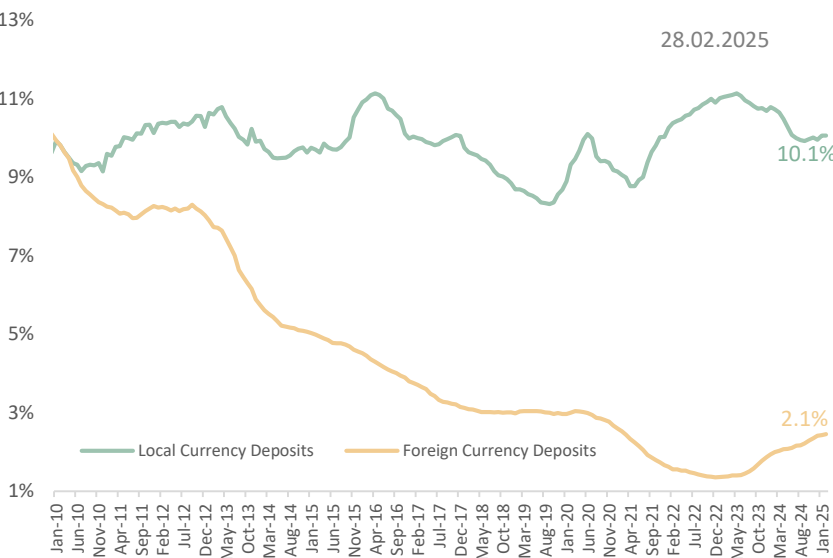
Trade of USD by NBG, mln USD



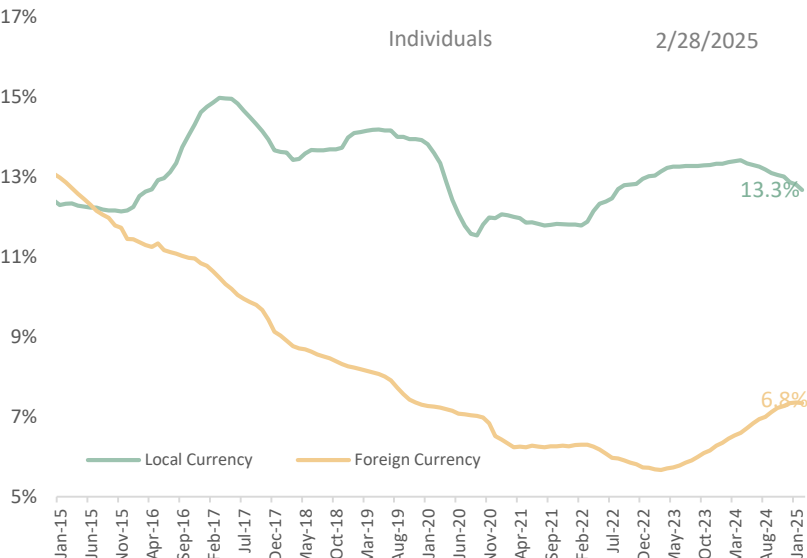
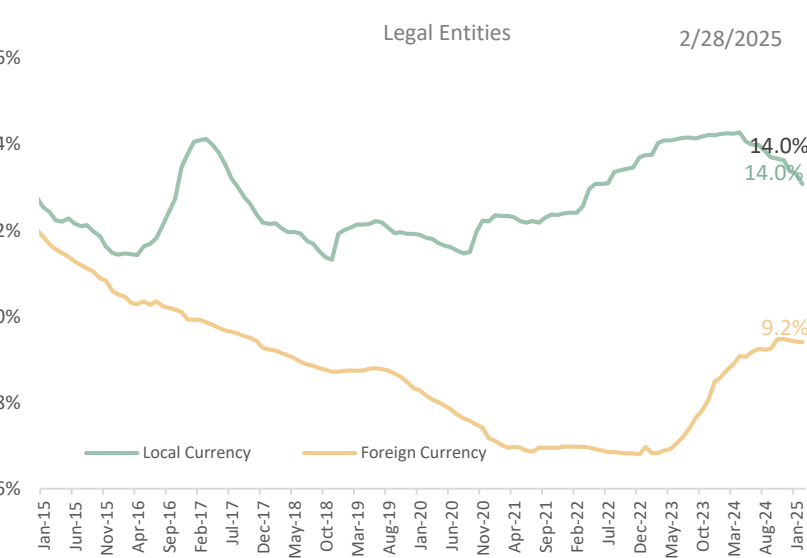
- The Monetary Policy Committee of the National Bank of Georgia (NBG) conducted a meeting in March 12, 2025. The committee decided not to change the refinancing rate and remained it at 8 per cent level.
- Per the NBG, the factual inflation is less than the target one (3 percent). The major reasons of this are the domestic factors such as the relative rigid prices of domestically produced goods and services, acceleration of business credits growth, and the high economic activities. It is also relevant to note that the economic production potential is sustained at a high level in the country that at some degree offsets the inflationary pressure caused by a strong domestic aggregate demand. On the other hand, it is worth underlining the external factors such as global economic uncertainty (basically related to changes in trade tariff policies) and an increasing trends of international food commodity prices that create an inflationary pressure in Georgia. Besides, it is important to note the weakening of USD global index facilitating an appreciation of GEL with respect to USD and pushes import prices down. The inflation was 3.5 percent in March 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.

Most of Market Interest Rates on Loans and on Deposits in Foreign Currency Has a Increasing Trend

Interest Rates on Deposits



Interest rates on Loans secured by Real Estate



- As of February 28, 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

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