



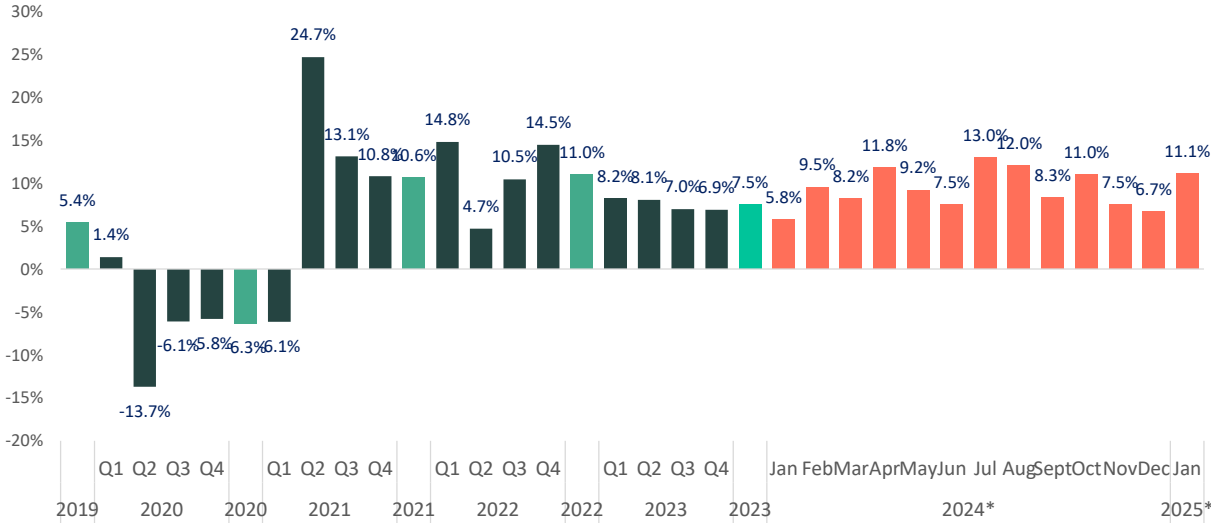
# Current Economic Outlook

February, 2025

- In January 2025, the real GDP growth rate was 11.1 percent and average growth rate of 2024 was 9.5 percent, according to the preliminary estimates of the National Statistics Office.
- In February, annual inflation stood at 2.4 percent, while core inflation was 2.1 percent
- In January, exports increased by 19.3 percent year-on-year and imports increased by 45.5 percent year-on-year, increasing the trade deficit by 57.2 percent year-on-year to 1200 million USD
- For January, the real effective exchange rate depreciated by 7.1 percent compared to the same period of the previous year and by 1.6 percent compared to the previous month
- The monetary policy rate is at 8 percent in February
- By the end of February, sovereign ratings for Georgia are following:  
Fitch “BB negative”   S&P “BB stable”   Moody’s “Ba2 stable”

# According to Preliminary Estimates Economic Growth in January was Equal to 11.1 percent

Economic Growth, % y/y

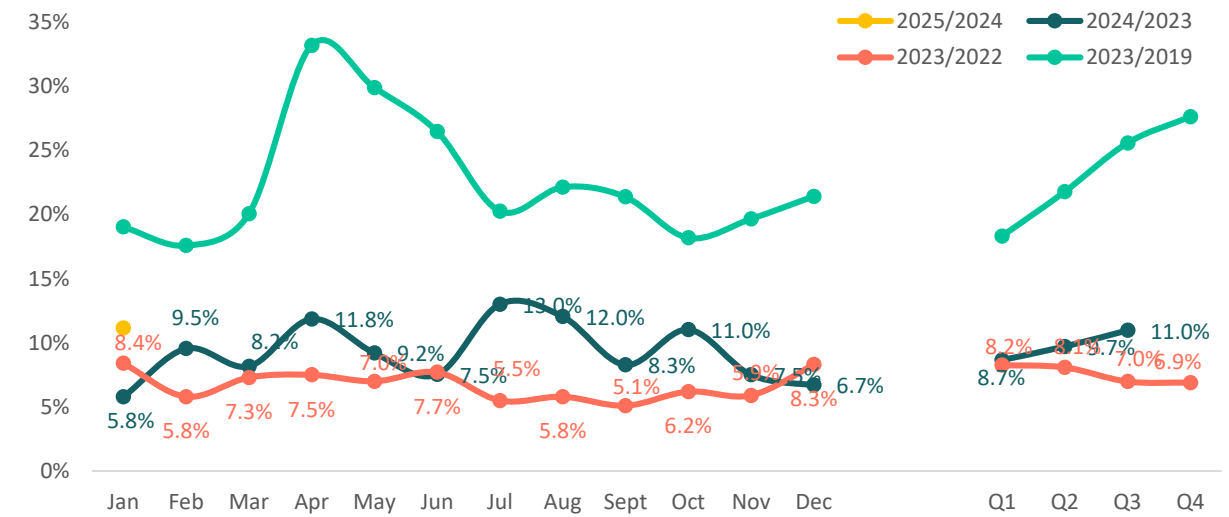


- Estimated real GDP growth rate in January 2025 equaled 11.1 percent YoY, while the seasonally adjusted economic growth in January comparing to the previous month was 2.7 percent. Average annual real GDP growth rate for 2024 equals to 9.5 percent.
- In January 2025 the estimated real growth compared to the same period of the previous year was observed in the following activities: Professional, scientific and technical activities, Transportation and storage, Information and Communication, Manufacturing and Trade.

Economic Growth, % m/m

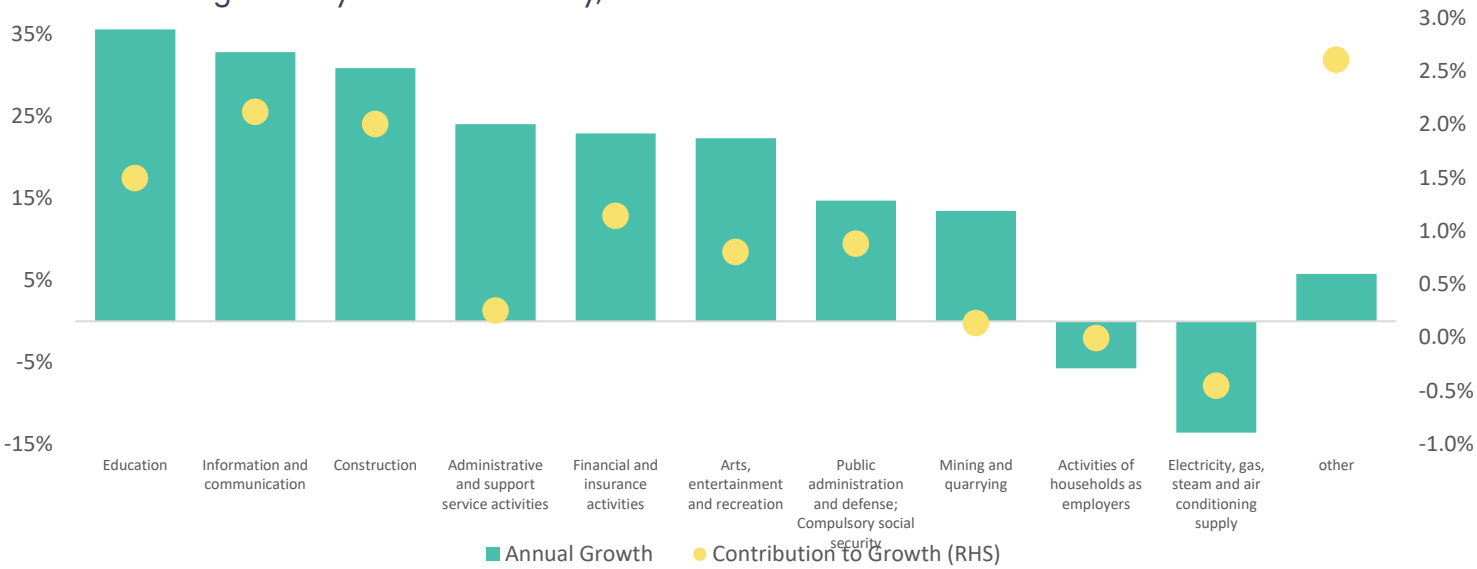


Economic Growth, 2025-2019



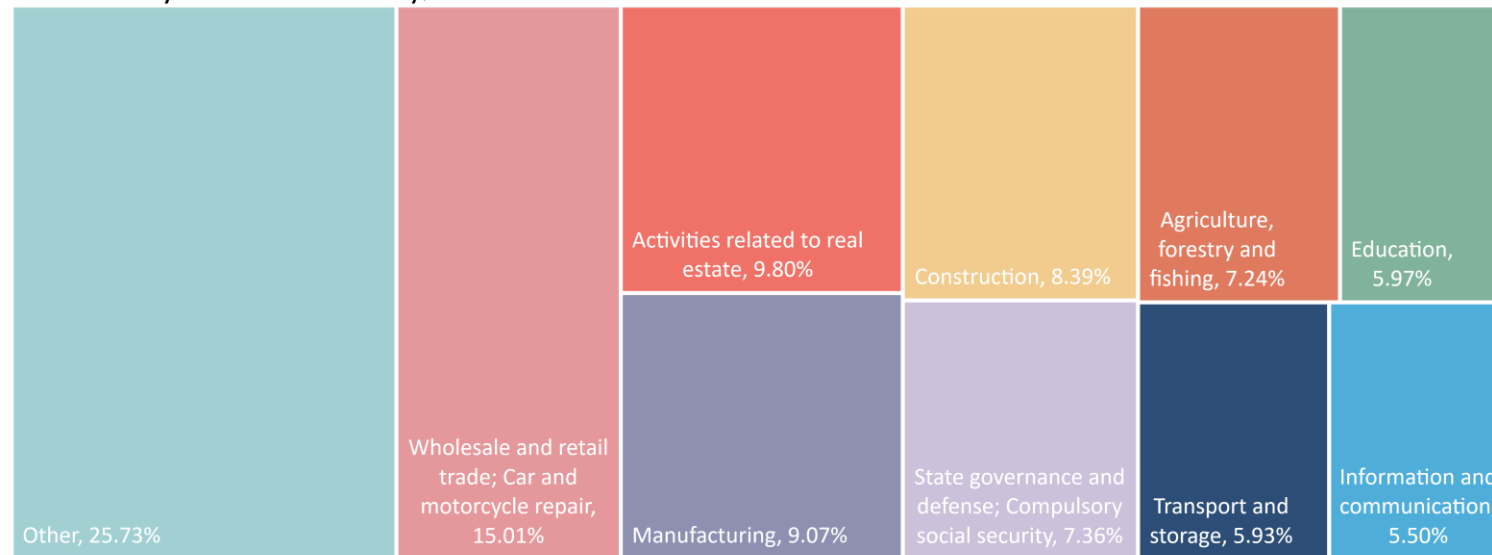
# According to Preliminary Estimates, Real GDP Increased by 11.0 percent in the Third Quarter of 2024

## Real GDP growth by economic activity, 2024 III Quarter



- According to preliminary estimates, the economy grew by 11.0 percent in the third quarter of 2024, and growth in the first two quarters was set at 8.7 and 9.7 percent. Growth in the third quarter of 2024 represents a 39.1 percent increase over the third quarter of 2019.
- The following industries have made a significant contribution to growth of Q3 2024:
  - Construction: 30.9% (2.0 p.p.)
  - Information and communication: 32.8% (2.1 p.p.)
  - Wholesale and retail trade; repair of motor vehicles and motorcycles: 11.0% (1.6 p.p.)
  - Education: 35.6% (1.5 p.p.)
  - Financial and insurance activities: 22.9% (1.1 p.p.)
  - Public administration and defence: 14.7% (0.9 p.p.)
- The following sectors made a significant contribution to the decrease:
  - Construction: -4.9% (-0.4 pp.)
  - Electricity, gas, steam and air conditioning supply: -13.6% (-0.5 pp.)

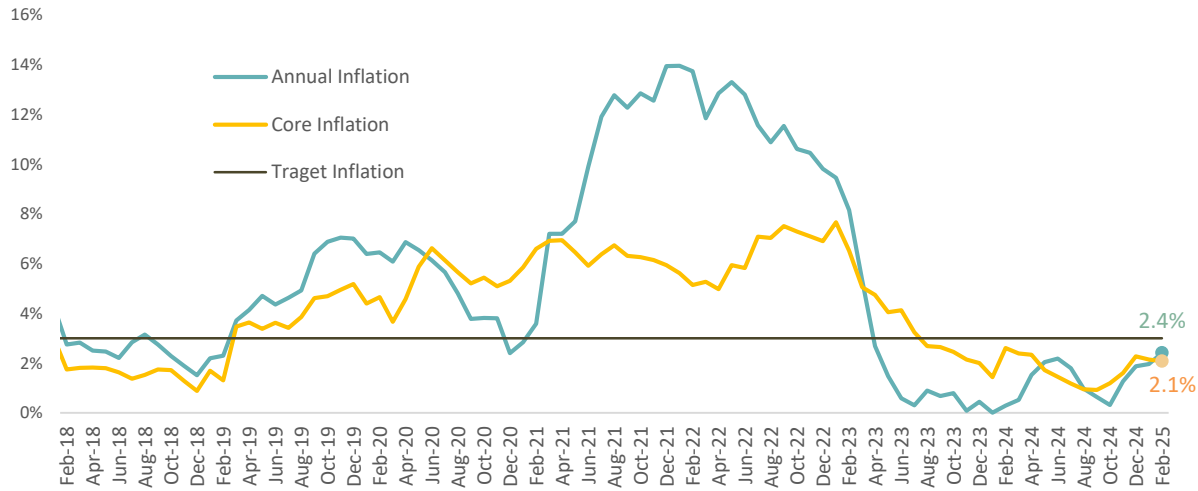
## GDP by economic activity, 2024 III Quarter



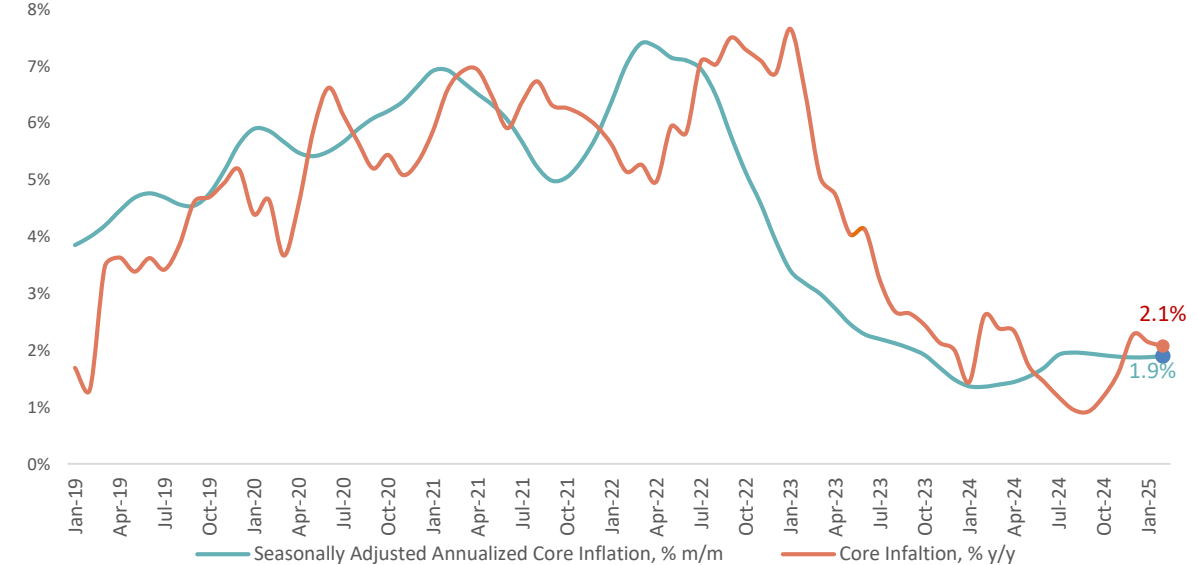
Source: Geostat

# Annual Inflation in February has Reached 2.4 percent

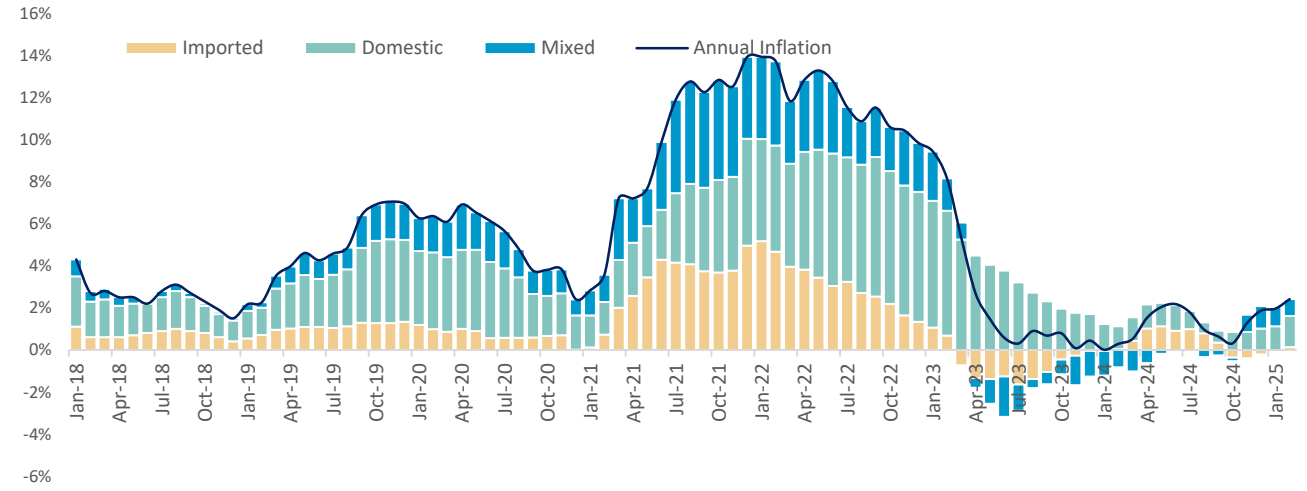
## Total and Core Inflation, % y/y



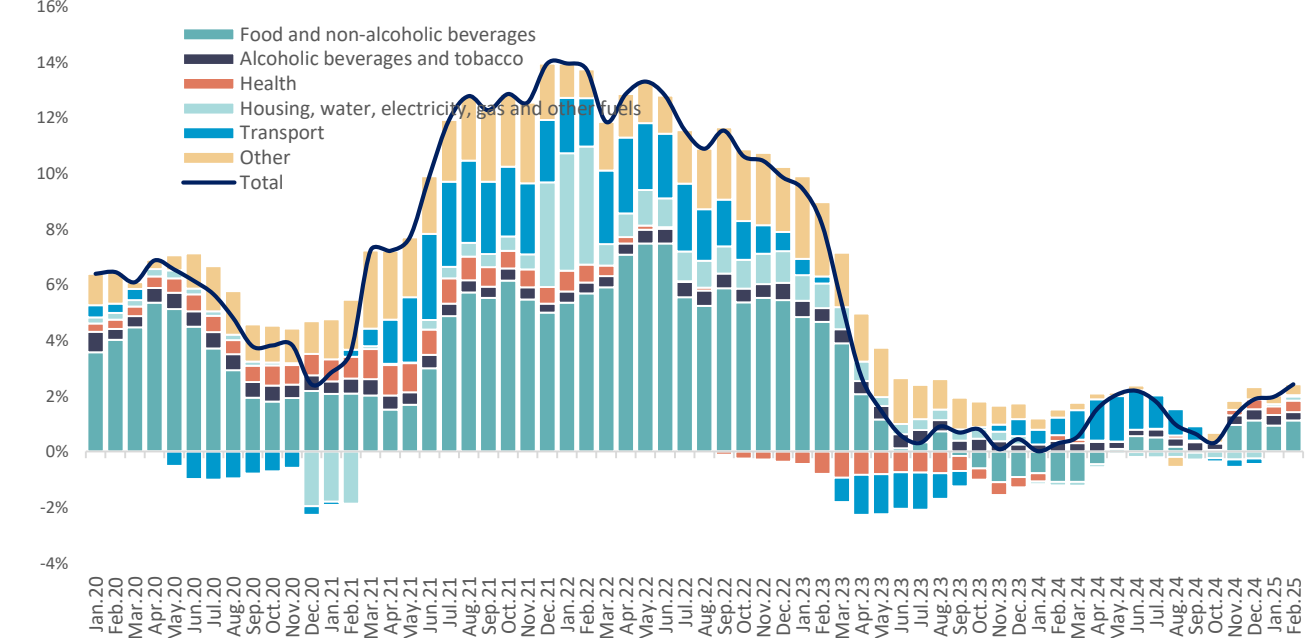
## Core Inflation, % m/m



## Inflation Decomposition



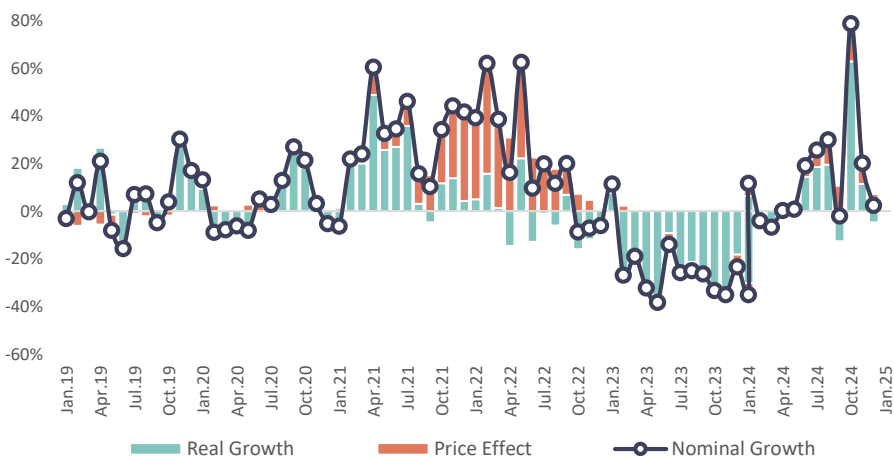
## Inflation Decomposition by product group



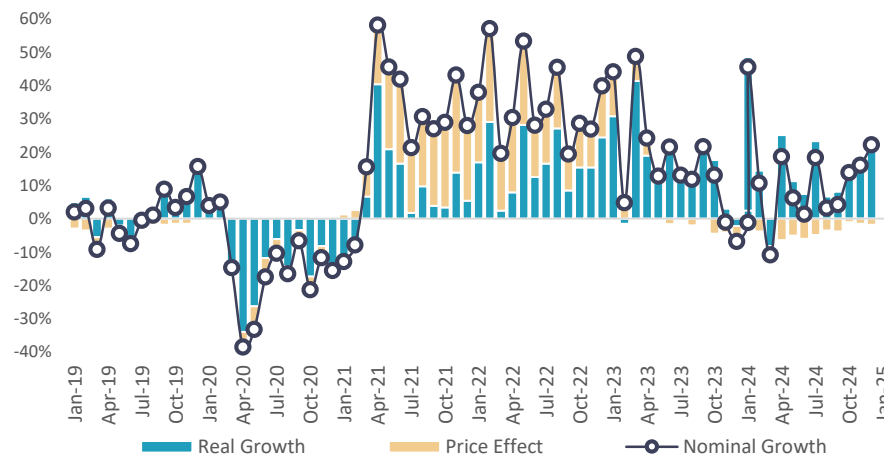
Source: Geostat, NBG, MOF

# Trade Deficit in January Increased by 57.2 percent Annually

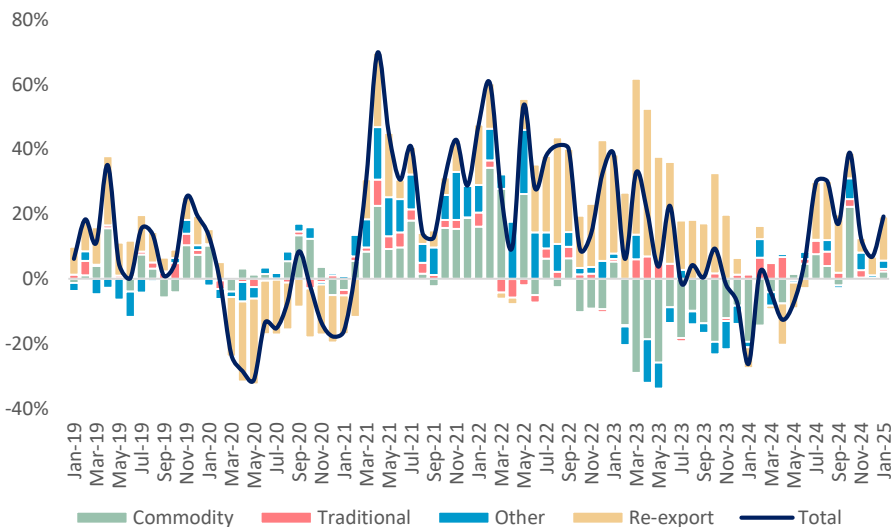
## Change of Domestic Export, %/y



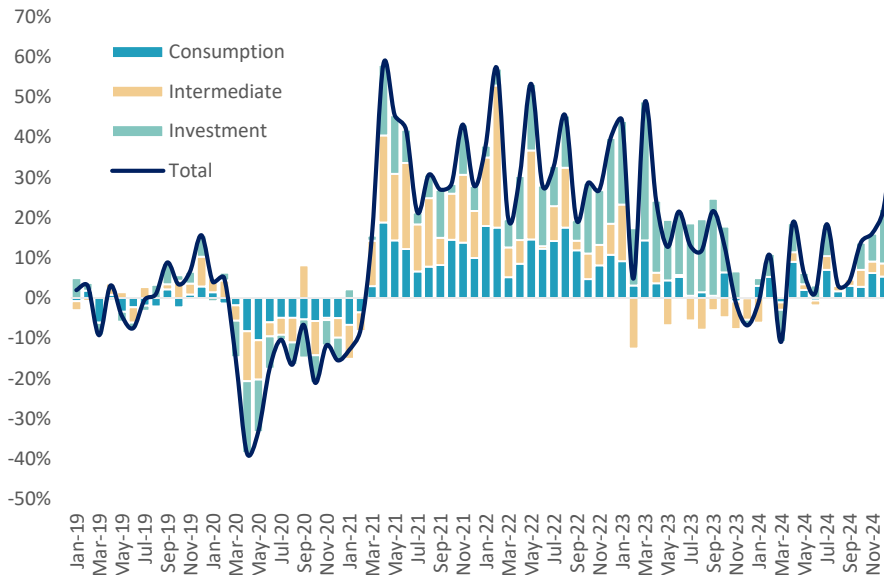
## Change of Import, %/y



## Decomposition of Export



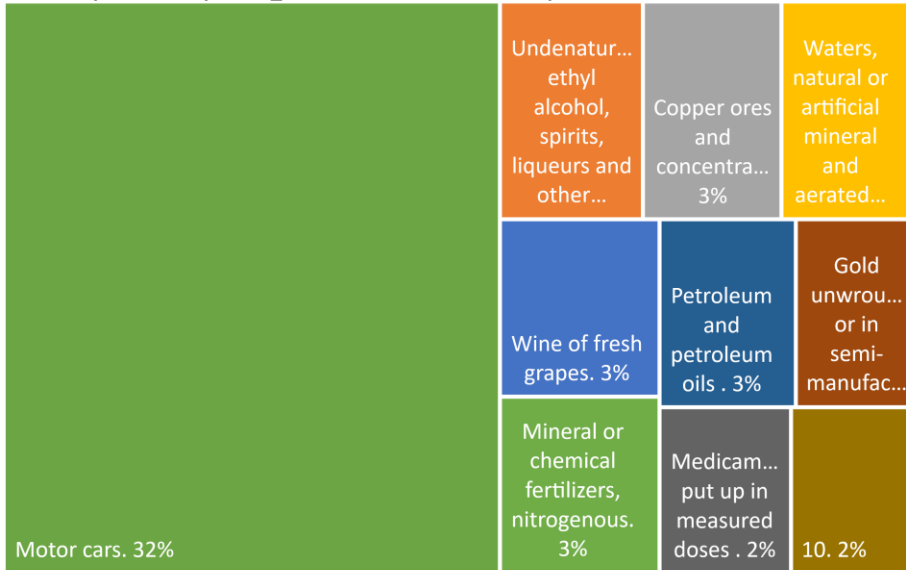
## Decomposition of Change of Import, %/y



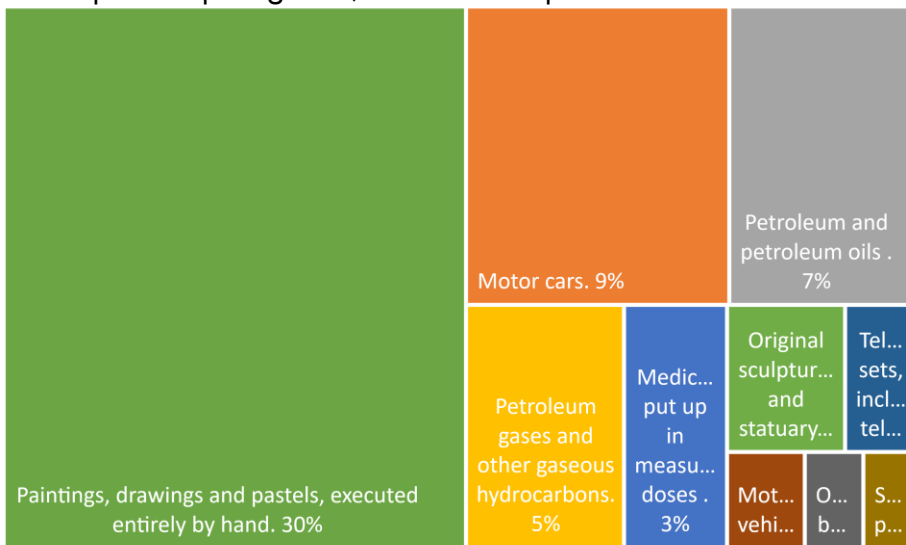
- Export in January increased annually by 19.3 percent to 403.9 million USD.
- Domestic export increased annually by 11.6 percent to 186.3 million USD.
- Import annually increased by 45.5 percent to 1 604.2 million USD in January.
- Trade deficit annually increased by 57.2 percent to 1 200.4 million USD.
- Share of re-export in export growth is equal to 13.5 percent (26.7 %/y), while share of traditional product export is 0.9 percent (7.2 %/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to -5.9, 2.0 and 49.4 percent, respectively.

# International Trade is Characterized by Stable Diversification

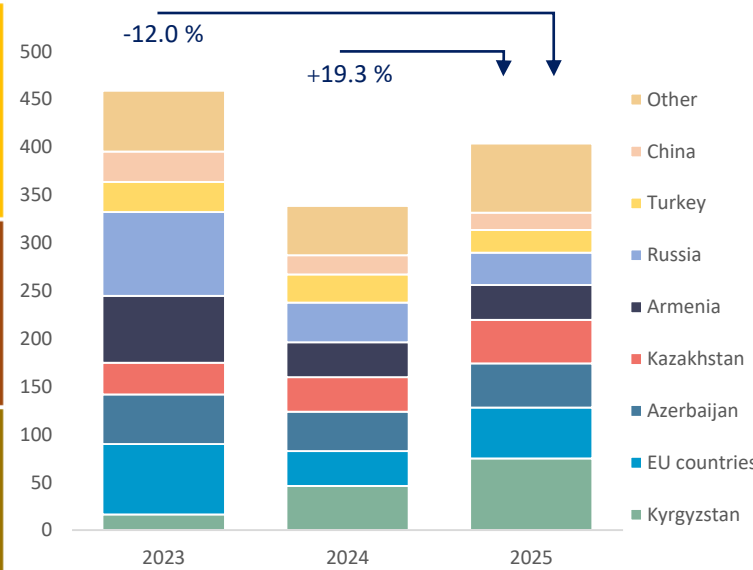
Top 10 Export goods, % of total Export



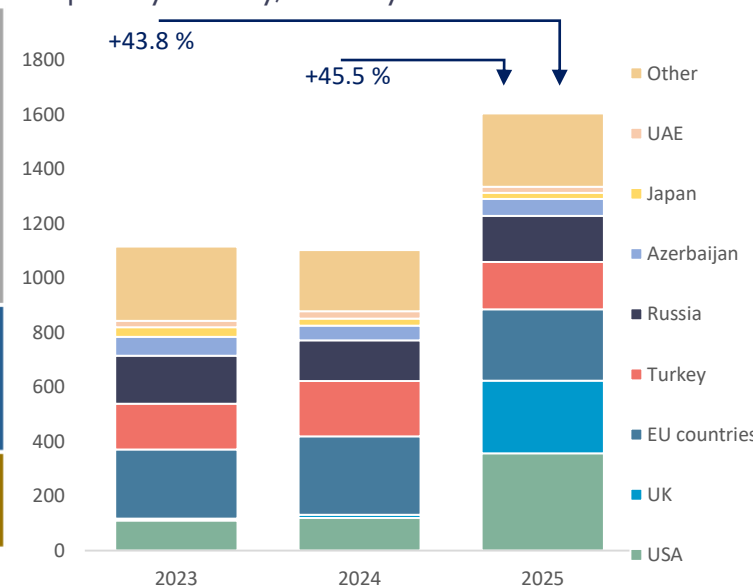
Top 10 Import goods, % of total Import



Export by country, January



Import by country, January



## Top Export Products:

- Motor cars: 130.0 million. USD – 32.2 percent of total exports.
- Udenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages: 14.3 mln. USD – 3.5 percent of total exports.
- Precious metal ores and concentrates: 13.8 million USD – 3.4 percent of total exports.

## Top Import Products:

- Paintings, drawings and pastels: 481.1 million USD – 30.0 percent of total imports.
- Motor cars: 151.0 million. USD – 9.4 percent of total imports.
- Petroleum and petroleum oils: 106.9 million US dollars – 6.7 percent of total imports.

## Top Export Country:

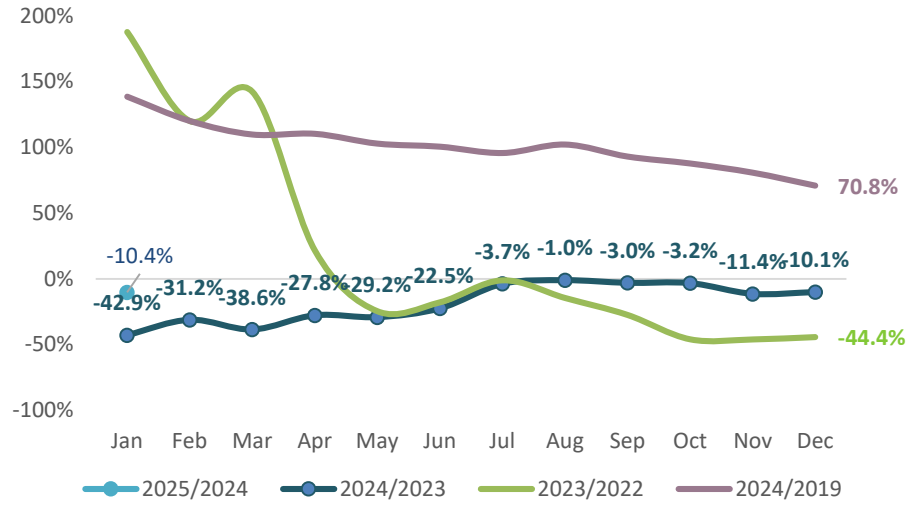
- Kyrgyzstan: 74.9 million USD, - 18.5 percent.
- European Union: 53.3 million USD – 13.2 percent.
- Azerbaijan: 46.2 million USD, - 11.4 percent.

## Top Import Country:

- USA: 357.3 million USD, - 22.3 percent.
- UK: 266.9 million USD – 16.6 percent.
- European Union: 261.7 million. USD, - 16.3 percent.

# Net Remittances Decreased by 10.4 percent in January 2025

Net Remittances, 2025-2019



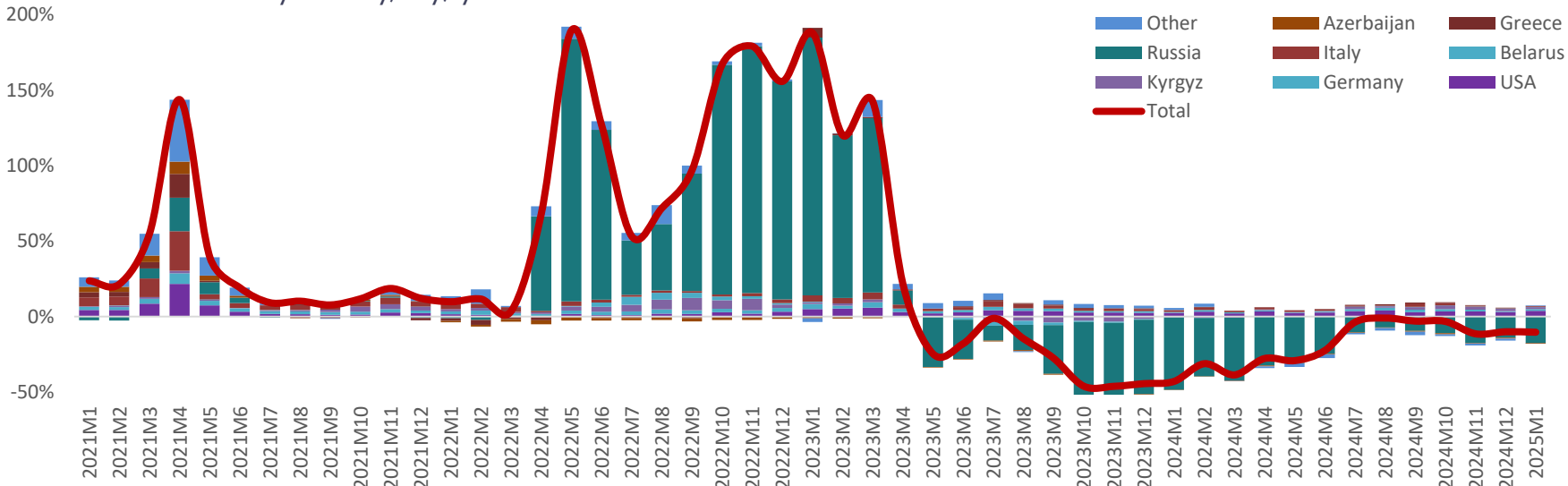
Net Remittances, January 2025

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	46.2	24.2	3.8
Italy	45.2	3.3	0.6
Russia	22.4	-65.2	-17.5
Israel	20.7	19.1	1.4
Germany	18.4	17.6	1.2
Greece	17.2	-0.3	0.0
Other	44.1	1.4	0.3

■ In January 2025, net remittances were estimated at 214.2 million USD, representing a 10.4 percent annual decrease. Relative to corresponding month of 2019, Net Remittances increased by 113.8 percent.

- Net Remittances increased from:
  - USA: 24.2 percent (contributing 3.8 pp to total growth)
  - Kyrgyz Republic: 152.9 percent (1.5 pp contribution to overall growth)
  - Israel: 19.1 percent (1.4 pp contribution to overall growth)
- Net Remittances decreased from:
  - Russia: -65.2 percent (-17.5 pp contribution to total growth)
  - Kazakhstan: -57.4 percent (-2.0 pp contribution to total growth)
  - Iraq: -96.8 percent (-0.8 pp contribution to total growth)

Net Remittances by country, %y/y

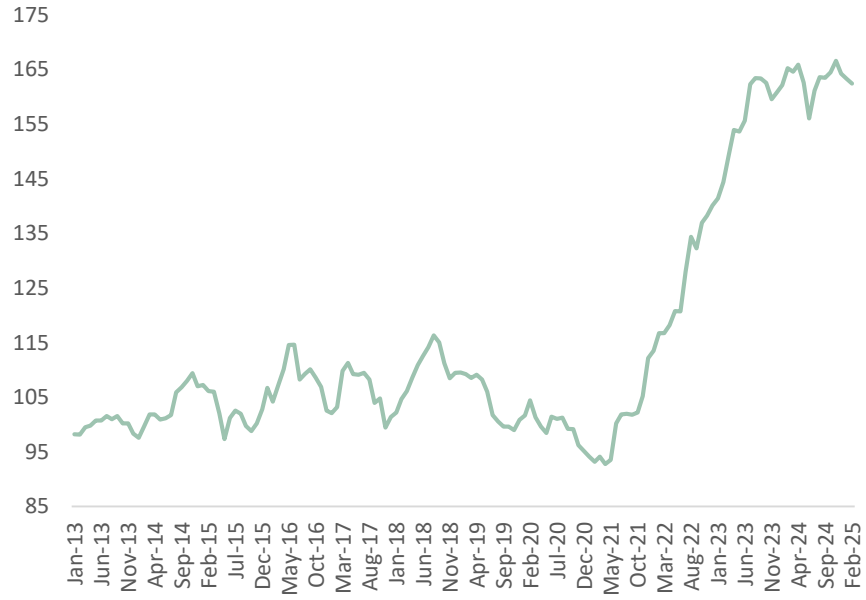


Source: NBG

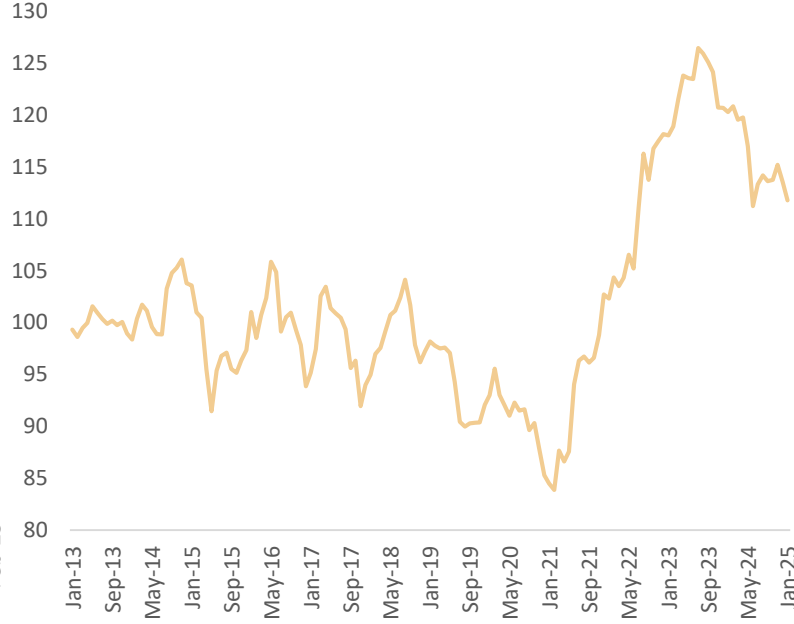


# Real Effective Exchange Rate Depreciated by 7.1 percent in January

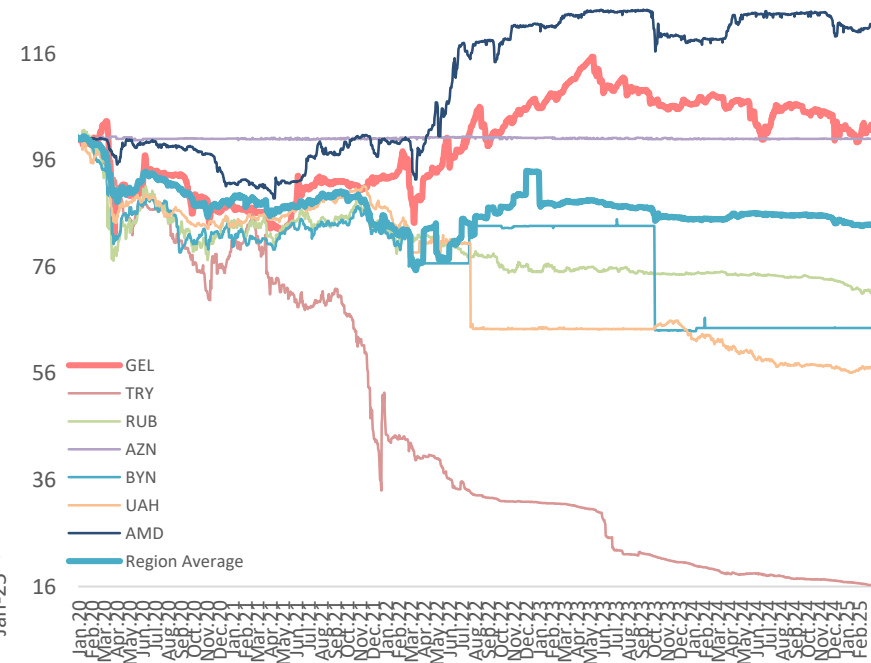
NEER: 2013 = 100



REER: 2013 = 100



USD Exchange Rates



February 28, 2025

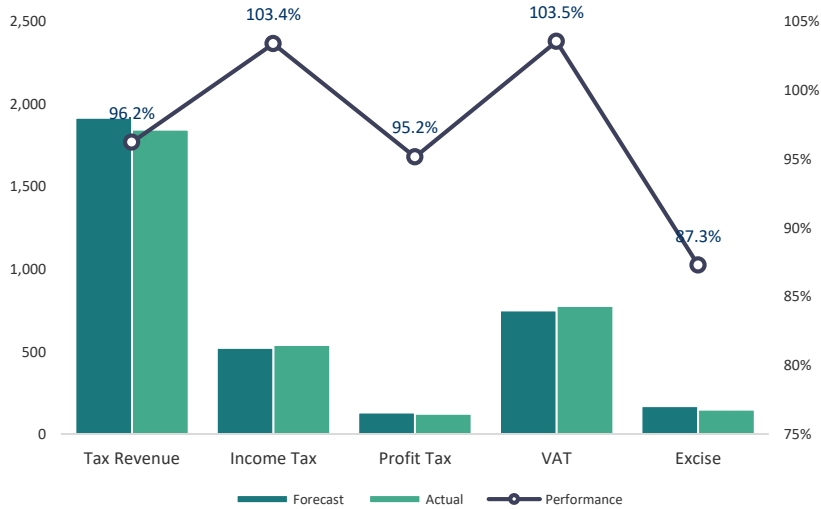
Note: Increase means appreciation

	March 1, 2025		March 1, 2025 - Jan 1, 2025		March 1, 2025 - Jan 1, 2024
Euro	2.9031	▲	0.9%	▲	2.5%
US Dollar	2.7904	▲	0.8%	▼	-3.6%
Turkish Lira	0.0764	▲	4.2%	▲	19.1%
Russian Ruble	0.0316	▼	-18.2%	▼	-5.3%
NEER	189.44	▼	-1.8%	▲	1.7%
REER (January 2025)	137.51	▼	-1.6%	▼	-7.4%

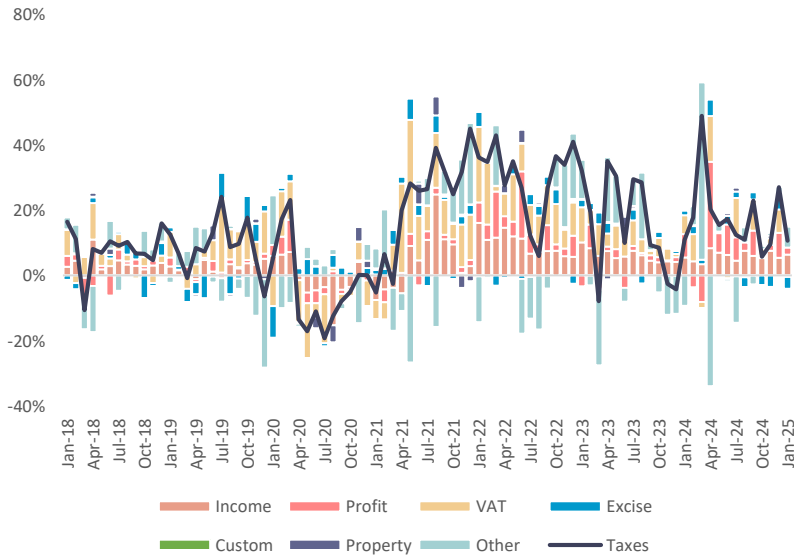
Source: NBG

# Tax Revenues in February met the Forecast Value at 96.2 percent

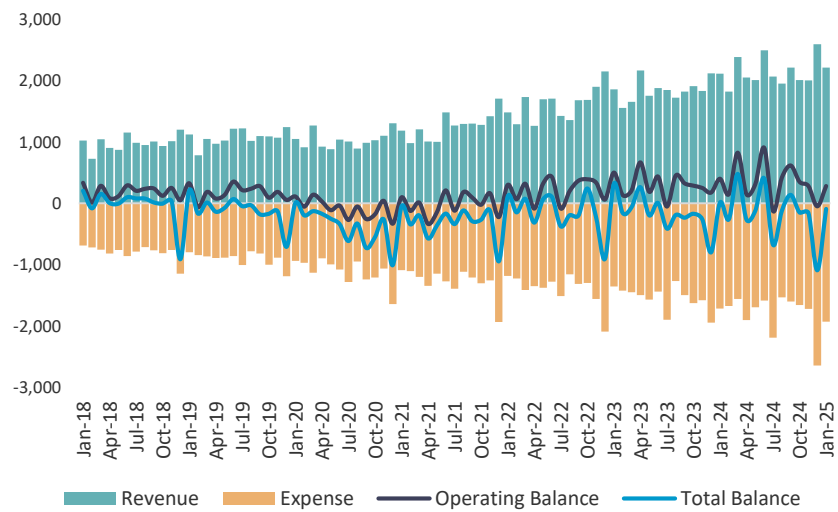
### Budget Revenue Performance, February 2025



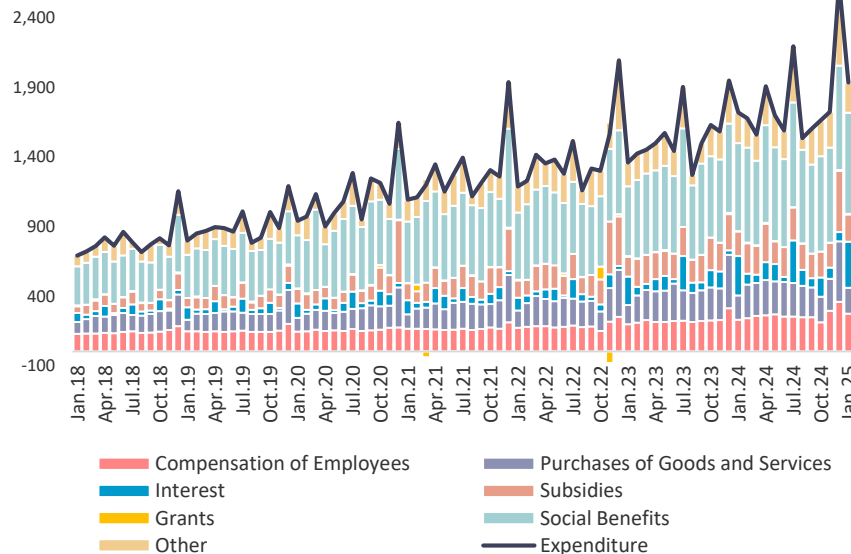
### Tax Income, % y/y



### Consolidated Budget, mln GEL



### Consolidated Budget Expenditure, mln GEL

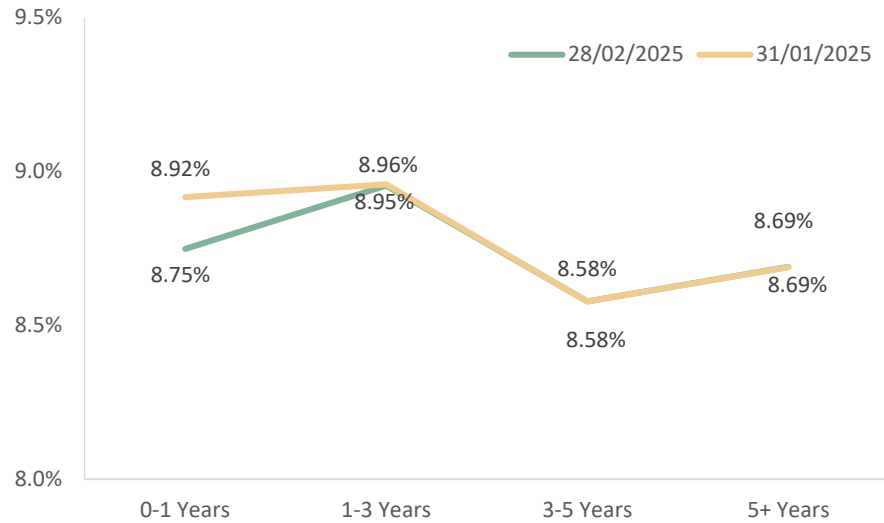


- The actual level of tax income in February 2025 was 1,845 mln GEL, which is 96.2 percent of the forecasted value.
- Consolidated budget revenues increased by 4.6 percent and expenditures increased by 12.6 percent in January.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 281.2 million GEL, while the total balance was set at negative 90.8 million GEL.
- Revenue from taxes had a significant impact on revenue from Income and Profit taxes in January, accounting for 6.4 and 2.2 percent of total growth, respectively.

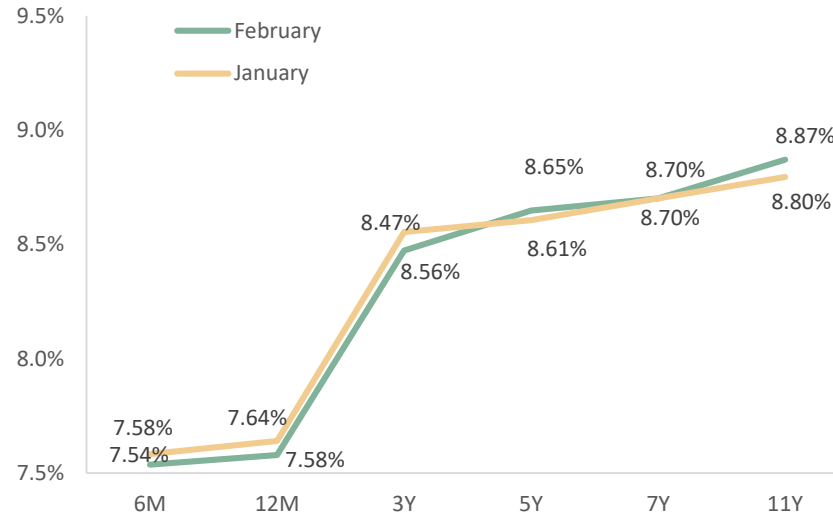
Source: MOF

# Treasury Financial Securities Portfolio Changed in February

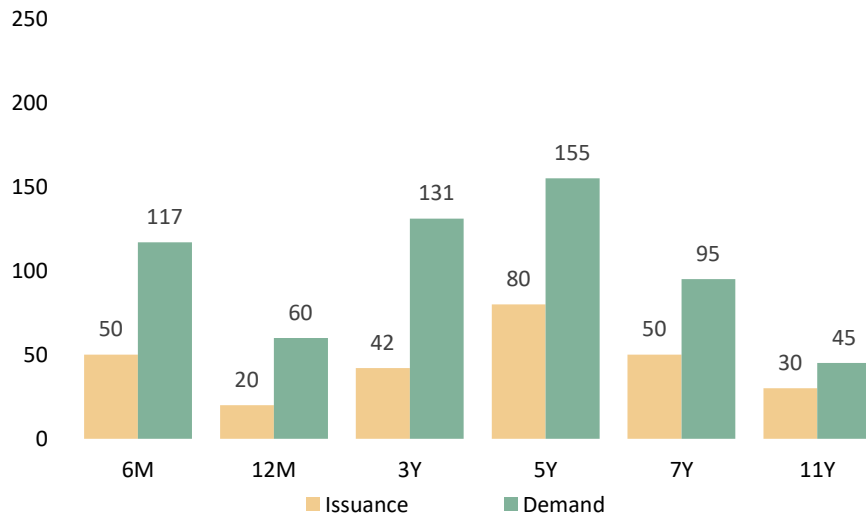
Portfolio Yield Curve



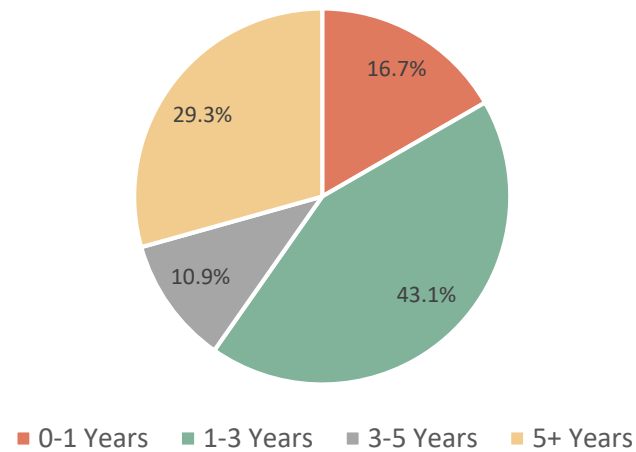
Weighted average interest rates



Issuance and Demand of Treasury Bonds, mln GEL



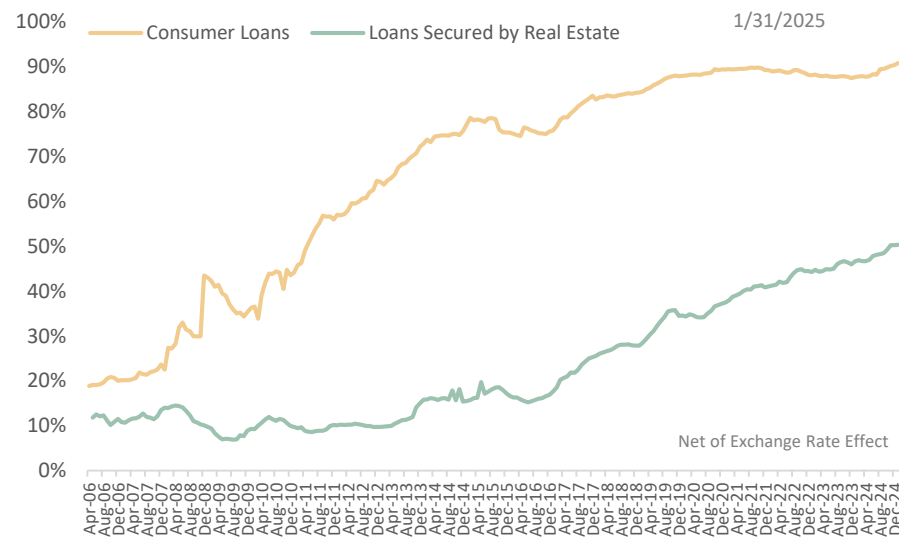
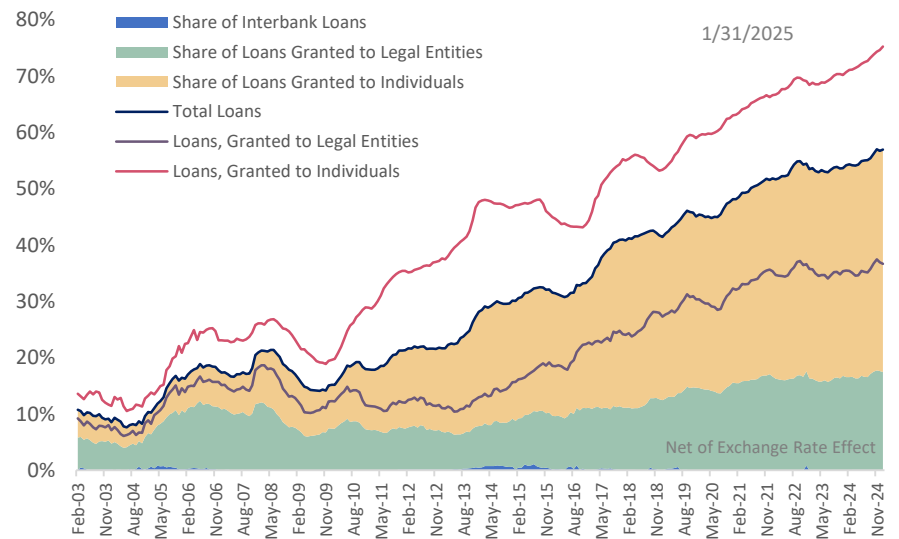
Portfolio by Residual Maturity, February 28, 2025



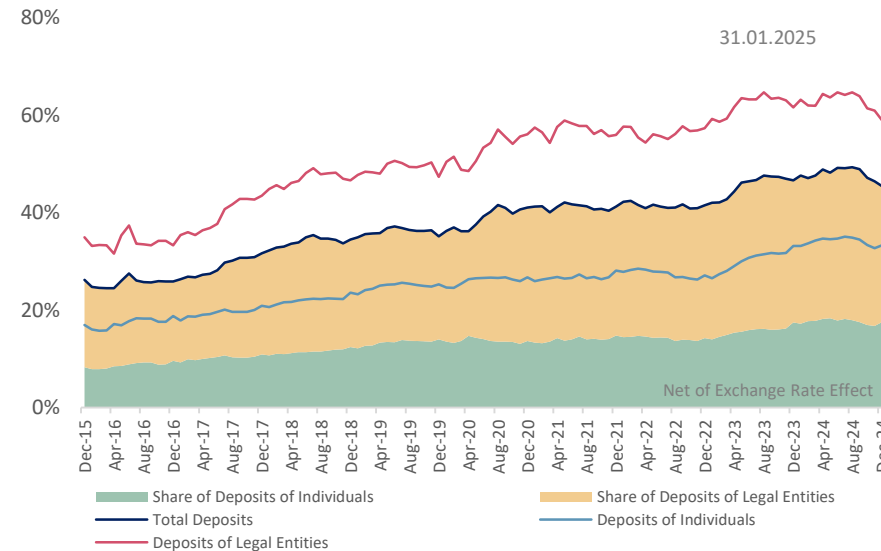
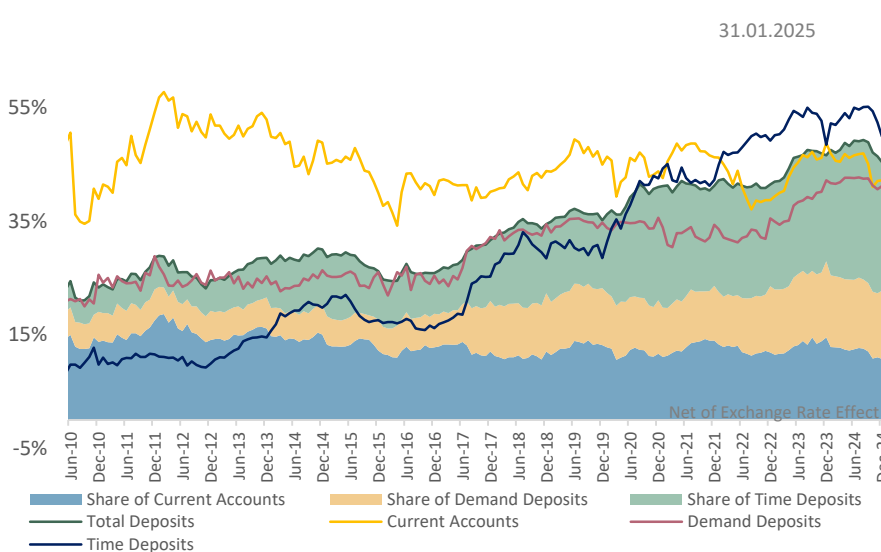
- In February 2025, 6 issuance auctions were held with the total issuance volume of 369.32 million GEL. Two switch auctions were held during the month.
- The weighted average interest rate amounted to 8.453%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years. The treasury securities with total amount of 237.52 million GEL were redeemed.
- As of February 28, 2025 around 43.1% 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 29.3%) in the total portfolio.
- The Bid-to-cover ratio decreased compared to the previous month's value (January 1.97) and amounted to 2.22 in February.
- In February, the average time to maturity (ATM) for the treasury security portfolio has increased to 3.6 (January 3.53).

# In January A Decreasing Trend of Time Deposits' Larization Indices Changed and Started to Raise

## Loan Larization



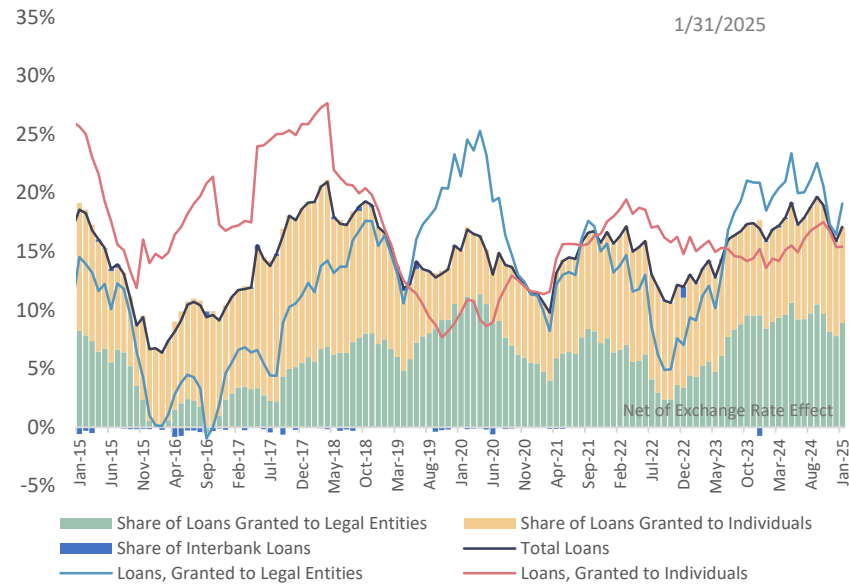
## Deposit Larization



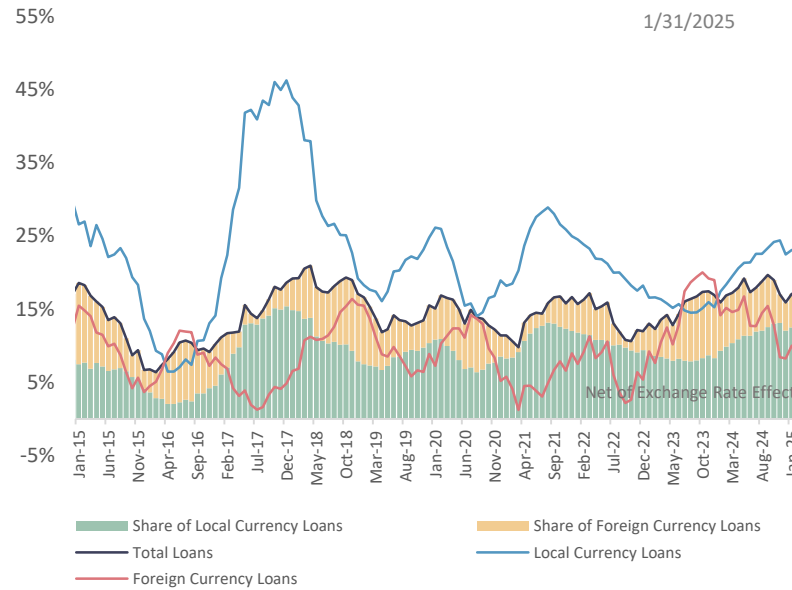
- As of January 31, 2025, the larization of total loans is 57.0 percent.
- The larization of loans to individuals is 75.3 percent.
- The larization of the loans to the legal entities amounted to 36.6 percent.
- The larization of the total deposits equals to 45.8 percent.
- The larization on the deposits of the legal entities amounted to 59.9 percent.
- The larization of the deposits of individuals is 32.9 percent.
- The larization of time deposits is 51.2 percent.
- The larization of the current accounts equals to 42.3 percent.
- The larization of the demand deposits is 39.8 percent.

# In January Growth Rates of Loans Raised and Still Loans Were Characterized by High Annual Growth Rates

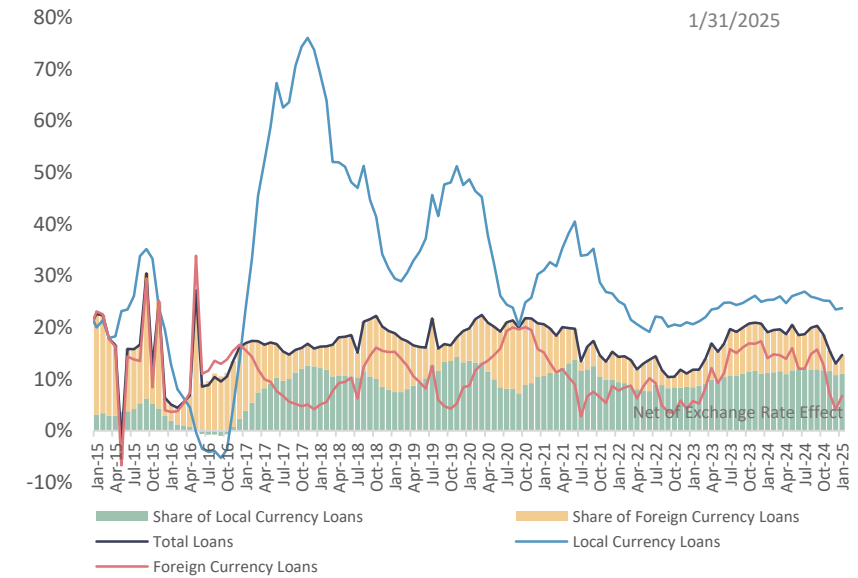
Loans Growth Rates, % y/y



Loans by Currency, % y/y



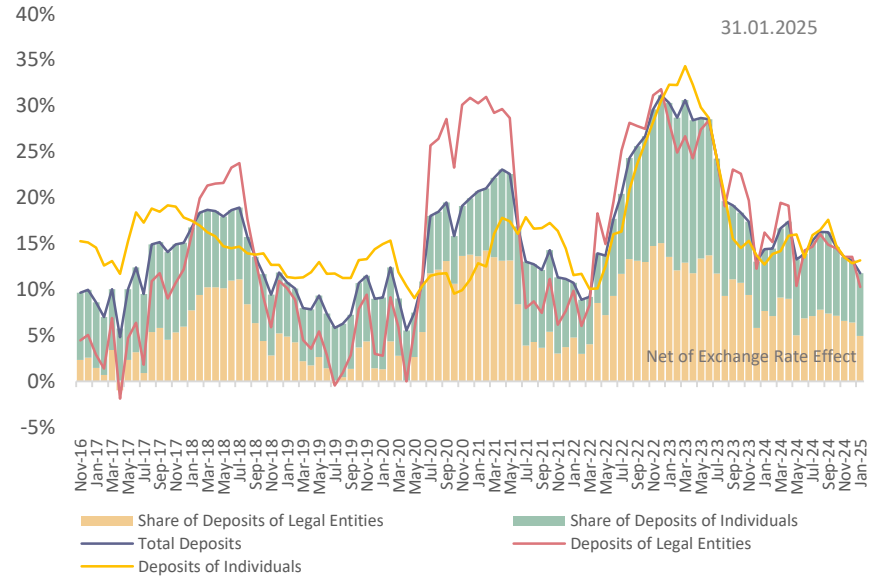
Mortgage Loans, % y/y



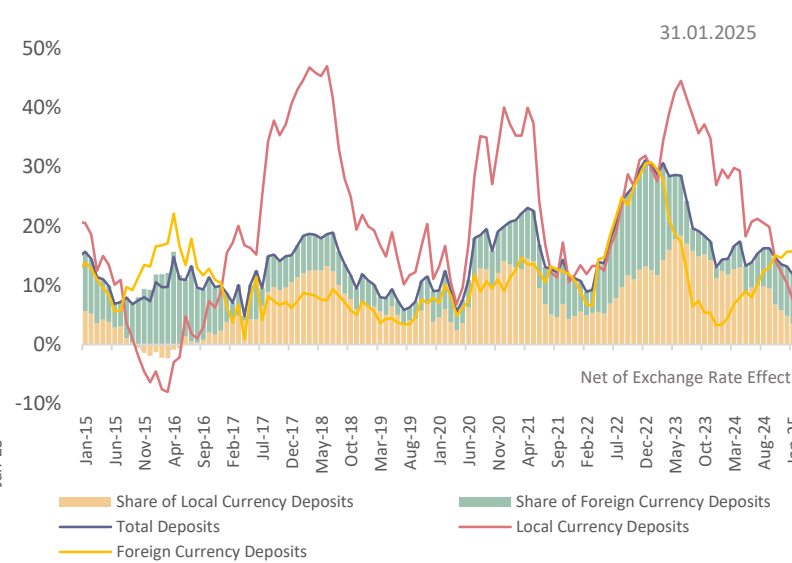
- As of January 31, 2025, the total loans increased by 17.1 percent compared to the corresponding period of 2023 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 19.1 percent.
- The annual growth of loans to individuals is 15.4 percent.
- As of February 1, 2025, the growth rate of the loans denominated in the national currency amounted to 23.1 percent.
- The annual growth of loans denominated in foreign currency amounted to 10.0 percent.
- As of January 31, 2025, the annual growth of loans secured by real estate amounted to 14.7 percent. At the same time, the mortgage loans denominated in national currency increased by 23.7 percent, while the mortgage loans denominated in the foreign currency increased by 6.7 percent.

# In January Most of Deposits Annual Growth Rates Decreased

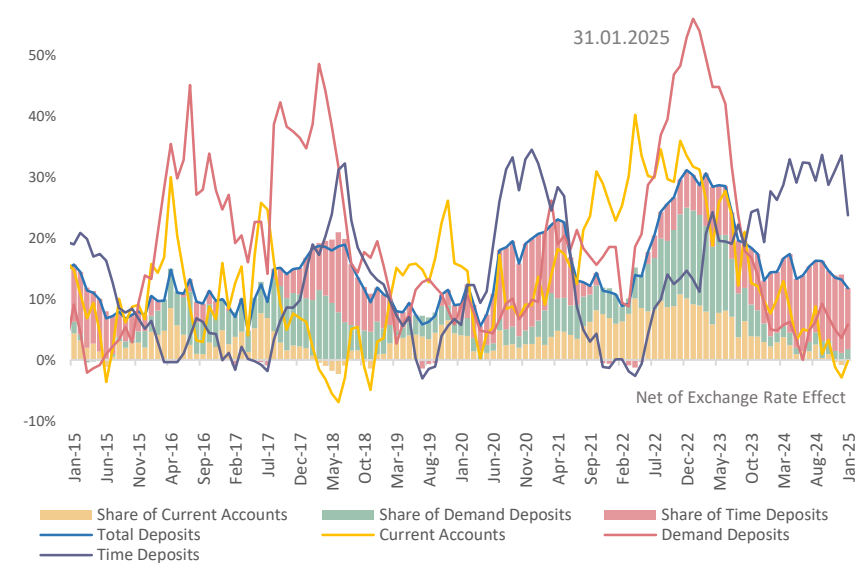
## Deposits Annual Growth, % y/y



## Deposits by Currency, % y/y



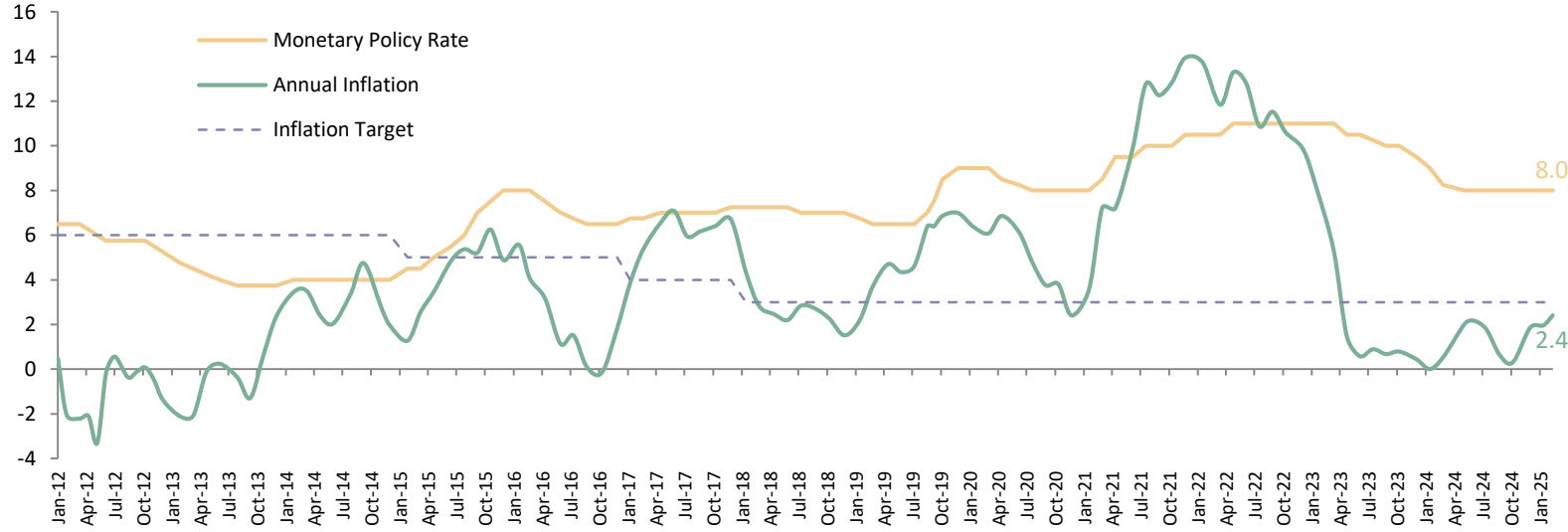
## Deposits by Type, % y/y



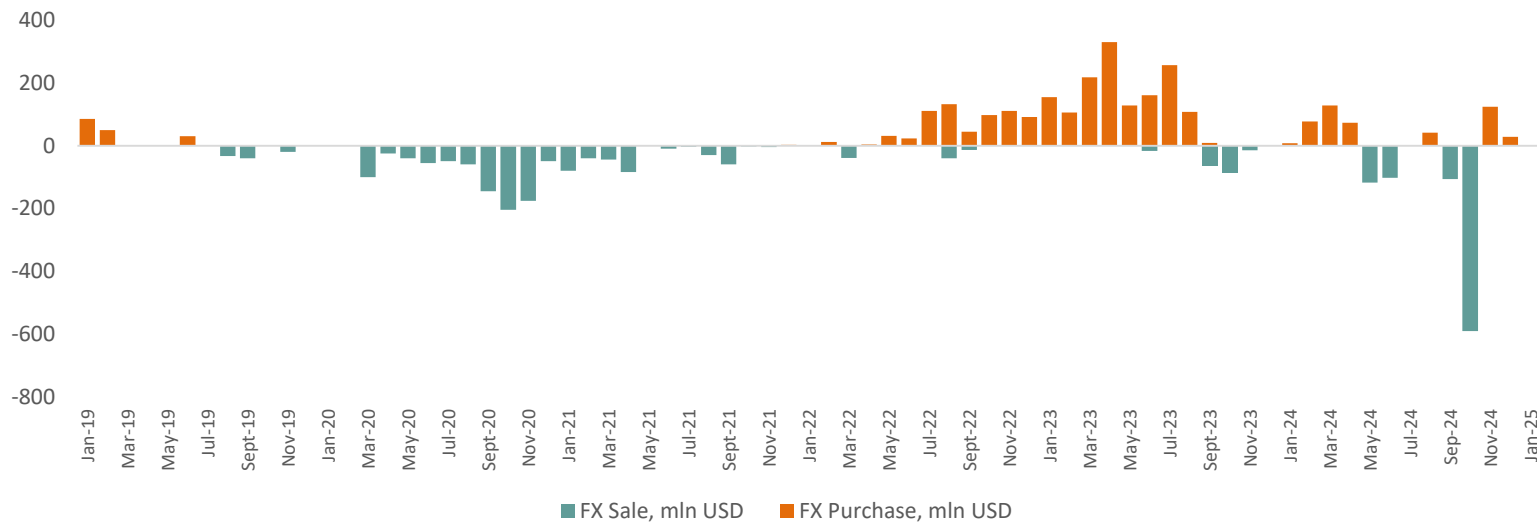
- As of January 31, 2025, the growth of the total deposits compared to the corresponding period of the previous year is 11.8 percent.
- The annual growth of the deposits denominated in the national currency amounted to 10.1 percent. The annual growth of the deposits denominated in foreign currency stood at 15.7 percent over the same period.
- The growth of deposits of individuals amounted to 13.2 percent, while the annual growth of deposits of legal entities in the same period amounted to 10.3 percent.
- The annual growth of current accounts at the beginning of February, 2025, was equal to -0.2 percent (reduction).
- The annual growth of the time deposits was 23.8 percent.
- The growth of the demand deposits amounted to 5.8 percent.

# Monetary Policy Rate Was at 8 percent Level in February

## Inflation and Monetary Policy Rate



## Trade of USD by NBG, mln USD

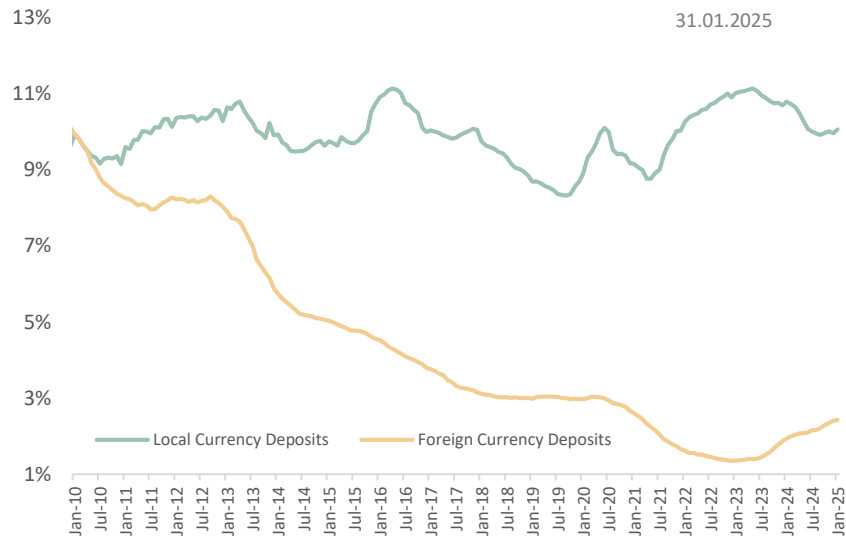


- The Monetary Policy Committee of the National Bank of Georgia (NBG) did not conduct a meeting in February, 2025. Consequently, the refinancing rate was at 8 percent level within February of the current year.
- Per the NBG, the factual inflation is less than the target one (3 percent). The major reasons of this are the domestic factors such as the relative rigid prices of domestically produced goods and services, the tight monetary policy effects, and the high economic activities. It is also relevant to note that though the economic activities have raised more than it was expected, the production capacity of the entire economy is raised, that mitigates inflationary pressure. As for the external factors, the global economic uncertainty and strain geopolitical situations (Ukraine, Middle East) can create an inflationary pressure in the country. Besides, the international prices on oil, food and commodities have increasing trends that creates risks of imported inflation which includes the inflationary risks. The inflation was 2.4 percent in February 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 March 12, 2025.
- The NBG did not intervene in the foreign exchange markets in February.

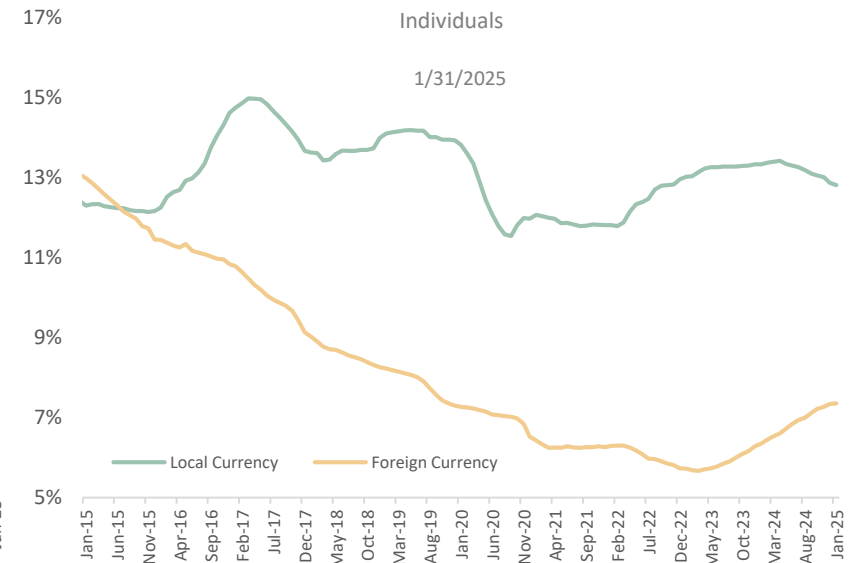
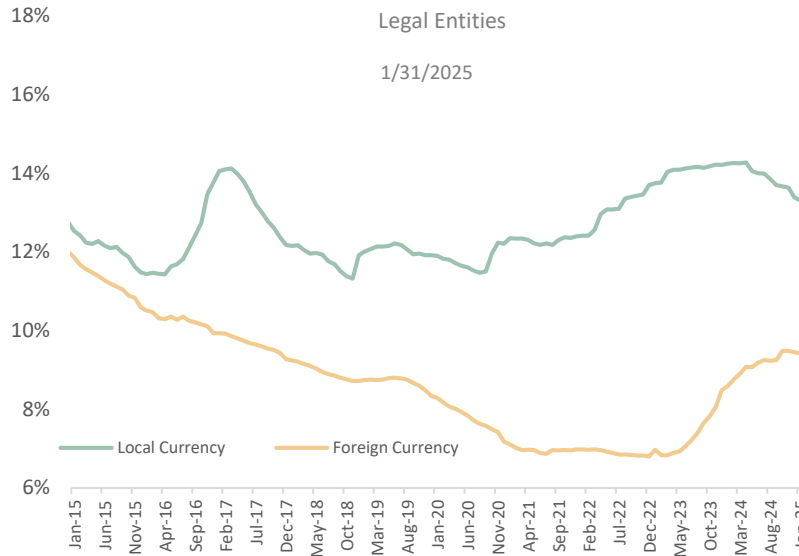
Source: NBG

# Most of Market Interest Rates on Loans in National Currency Has a Increasing Trend

## Interest Rates on Deposits



## Interest rates on Loans secured by Real Estate



- As of January 31, 2025, the interest rate on foreign currency deposits was 2.4 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 10.4 percent, and in foreign currency – 3.0 percent (an increase).
- The average annual interest rate on deposits by individuals is 2.4 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 12.4 percent (15.6 percent in national currency and 6.5 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 January, 2025, the interest rate on mortgage loans denominated in local currency issued to legal entities was 12.6 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.



## Disclaimer

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Georgia, Tbilisi 0105, Gorgasali Street N16

Tel: (995 32) 2 261 407

E-mail: [info@mof.ge](mailto:info@mof.ge); [www.mof.ge](http://www.mof.ge)



MINISTRY OF FINANCE  
OF GEORGIA