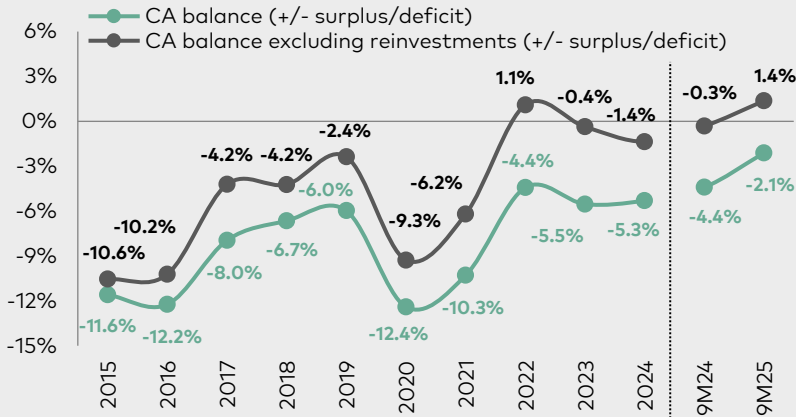




Chart of the month: CA deficit narrowed to 2.1% of GDP in 9M25



Source: NBG, Geostat

In 3Q25, the current account (CA) posted a surplus of 3.3% of GDP, bringing the CA deficit to 2.1% of GDP in 9M25, down from 4.4% in 9M24. This improvement was mainly driven by strong growth in the service balance, increasing by 17.8% y/y to US\$ 3.5bn, along with a narrowing of the negative income balance by 7.2% y/y. Meanwhile, goods trade deficit widened by 4.2% y/y to US\$ 5.1bn. Excluding reinvestments (recorded in both CA and its funding categories), the CA balance posted a surplus of 1.4% of GDP in 9M25, compared with a deficit of 0.3% in 9M24. We forecast CA deficit at 3.2% of GDP in 2025, revised downwards from the previous forecast of 5.0%. For 2026, we expect CA deficit to widen slightly to 3.3% of GDP.

Economic summary

Growth: Georgia's economy expanded by 7.2% y/y in November 2025, accelerating from 6.0% y/y growth in October. Cumulatively, real GDP increased by 7.5% y/y in 11M25. November's growth was mainly driven by strong activity in transport & storage, manufacturing, real estate operations, financial & insurance and mining, while construction and energy sectors contracted. We forecast real GDP growth at 7.5% in 2025 and 6.0% in 2026.

Inflation: In November 2025, Georgia's annual inflation eased to 4.8%, down from 5.2% in October. The moderation was mainly driven by a slowdown in mixed-goods inflation to 5.8% y/y from 8.2% y/y posted a month earlier. At the same time, domestic inflation edged higher, reaching 6.4% y/y (vs. 6.2% y/y in Oct-25) and imported inflation rose to 0.2% y/y after being flat in previous month. Notably, core inflation - excluding food, energy, and tobacco - slipped to 2.3% y/y in Nov-25 from 2.4% in previous month.

We expect average annual inflation at 3.9% in 2025 and 3.0% in 2026.

Monetary policy: On 17 December 2025, the NBG kept the monetary policy rate unchanged at 8.0%, maintaining a cautious stance amid elevated uncertainty. The NBG noted that it would proceed with monetary policy normalization only after current one-off factors dissipate and inflation converges to the target level. We expect that a slowdown in inflation from 2Q26 will give the regulator room to start easing, potentially cutting the rate by 50 basis points to 7.5% in 2026.

FX: In Dec-25, GEL continued to strengthen, appreciating by 0.3% m/m against the USD. This trend enabled the NBG to purchase US\$ 2.1bn over March-November, including US\$ 308.2mn purchase in November alone, to rebuild its FX reserves. We expect average GEL/1\$ at 2.70 and average GEL/1€ at 3.13 in 2026.

Activity

Trade: In Nov-25, goods exports surged by 44.2% y/y to a record monthly high of US\$ 782.3mn, following a modest 0.4% y/y growth in previous month. Goods imports fell by 1.2% y/y to US\$ 1.5bn, after a slight 0.1% y/y rise in previous month. As a result, the trade deficit narrowed sharply by 27.6% y/y to US\$ 675.3mn in Nov-25. The exports growth was mainly driven by a rise in exports of cars, precious metals, petroleum, ferro-alloys, nuts, fertilizers and mineral waters, while exports of spirits and copper declined. On the import side, the decrease was mainly due to lower imports of cars and gases. In contrast, imports of petroleum, electric generating sets, crude petroleum, wheat, chocolate and automatic data processing machines increased in November.

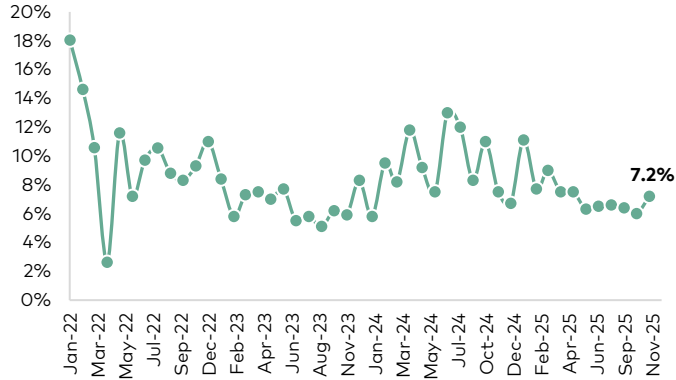
Tourism: Tourism revenues increased by 3.7% y/y to US\$ 305mn in Nov-25, according to our estimates. Overall, in January-November 2025, tourism revenues came in at US\$ 4.4bn (+4.9% y/y), by our estimates.

We forecast tourism revenues at US\$ 4.6bn for 2025 and US\$ 4.9bn for 2026.

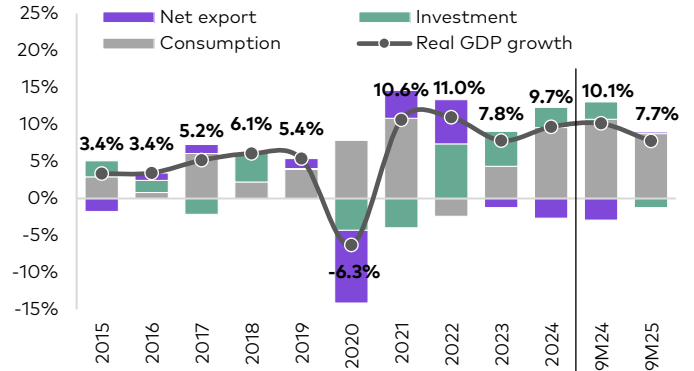
Banking sector: In Nov-25, the bank loan portfolio grew by 13.8% y/y (excl. FX effect) to GEL 69.0bn (US\$ 25.5bn), accelerating from 12.7% y/y in previous month. This growth was mainly driven by retail loans, which rose by 14.6% y/y, alongside a 12.9% y/y increase in legal entity loans. On the funding side, deposits rose by 13.9% y/y (excluding FX effect) to GEL 65.7bn (US\$ 24.2bn) in Nov-25, the same pace as in previous month. Additionally, deposit and loan dollarization continued to decline in Nov-25, reaching 47.8% (-0.96ppts m/m and -3.86ppts y/y) and 41.8% (-0.15ppts m/m and -0.96ppts y/y), respectively.



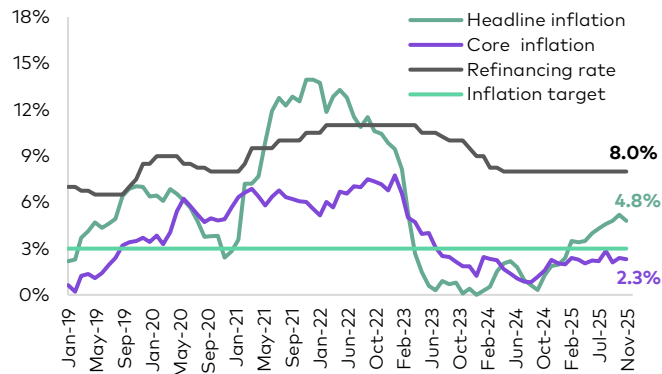
Real GDP growth, % change y/y



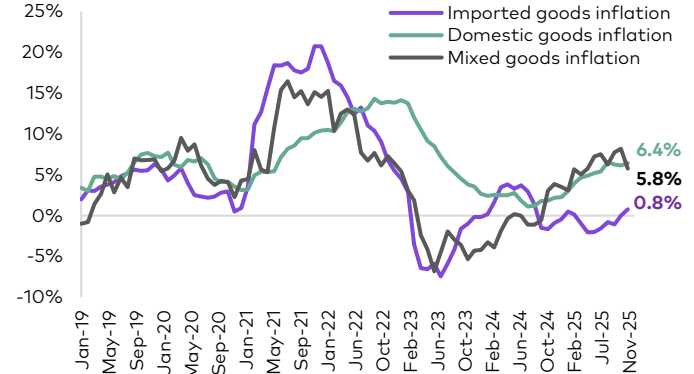
Contributions to real GDP growth, ppts



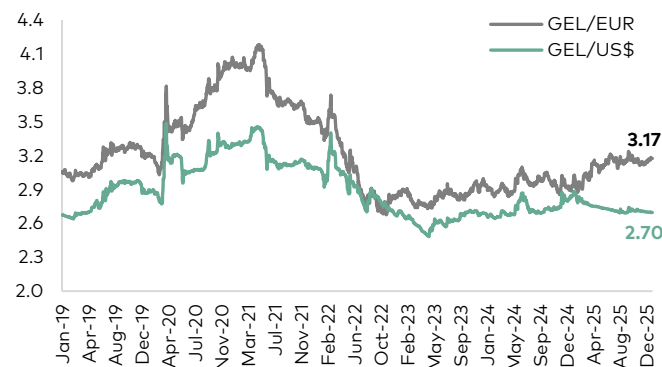
Annual inflation and monetary policy rate



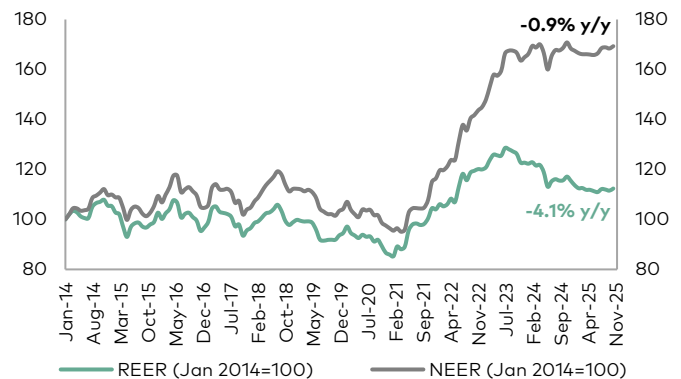
Imported and domestic inflation dynamics



GEL/US\$ and GEL/EUR

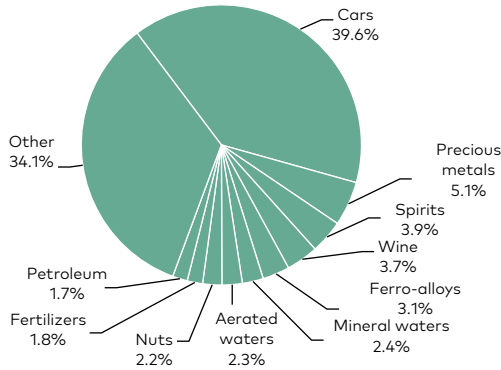


GEL's nominal and real effective exchange rates



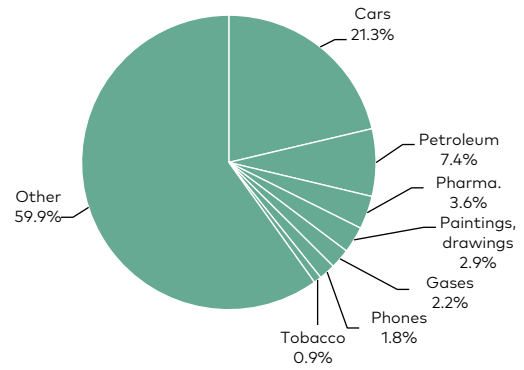


Exports by product, 11M25



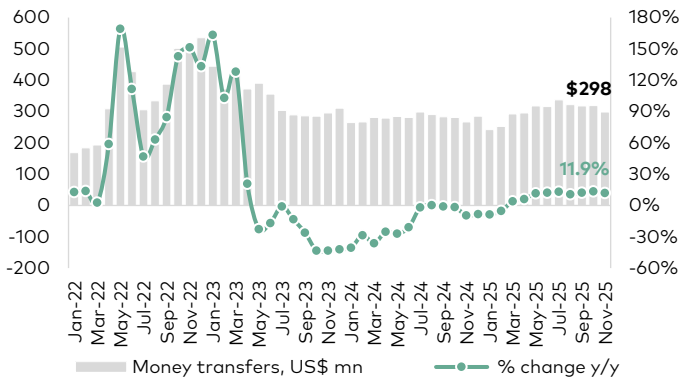
Source: Geostat

Imports by product, 11M25



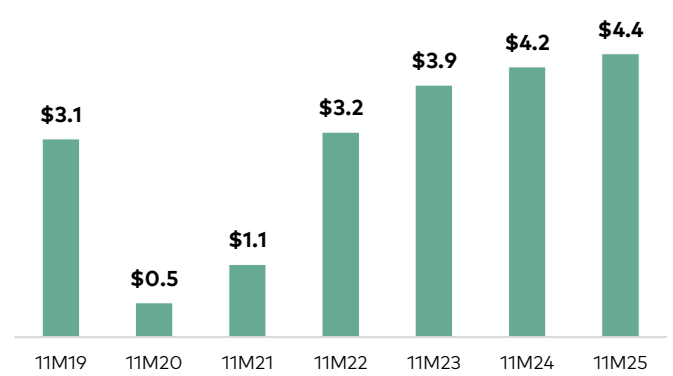
Source: Geostat

Money transfers to Georgia



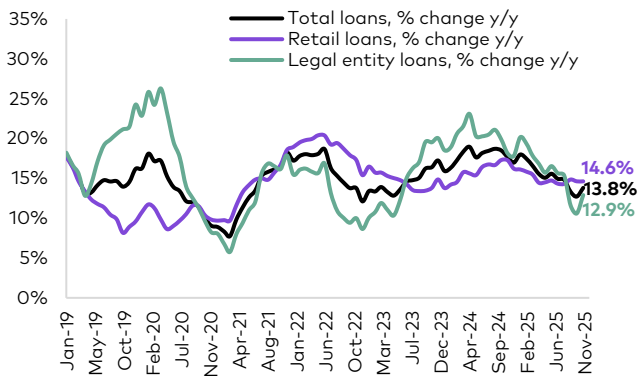
Source: NBG

Tourism revenues, US\$ bn



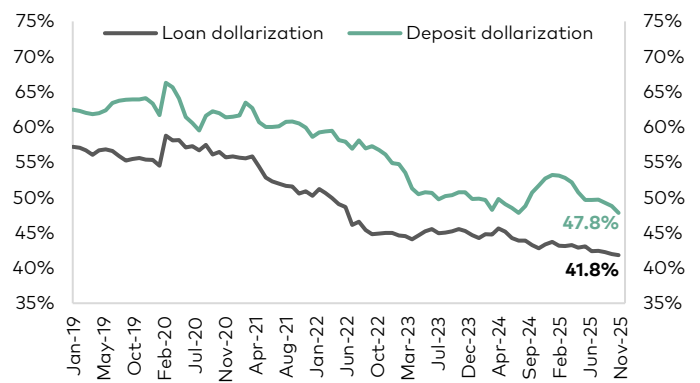
Source: NBG, Galt & Taggart

Banking sector loan portfolio growth by sector, (excluding FX effect)



Source: NBG

Banking sector loan and deposit dollarization



Source: NBG



Macro data and baseline forecasts

Georgia	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026F
GDP and Prices												
Nominal GDP, GEL bn	34.5	36.6	41.3	45.4	49.7	49.8	60.7	72.9	80.9	91.9	104.3	114.1
Nominal GDP, US\$ bn	15.2	15.4	16.5	17.9	17.6	16.0	18.9	25.0	30.8	33.8	38.0	42.1
Nominal GDP per capita, US\$	4,085	4,143	4,420	4,804	4,741	4,301	5,084	6,731	8,284	9,141	10,266	11,378
Real GDP, % change y/y	3.4%	3.4%	5.2%	6.1%	5.4%	-6.3%	10.6%	11.0%	7.8%	9.4%	7.5%	6.0%
CPI Inflation, ave	4.0%	2.1%	6.0%	2.6%	4.9%	5.2%	9.6%	11.9%	2.5%	1.1%	3.9%	3.0%
CPI Inflation, eop	4.9%	1.8%	6.7%	1.5%	7.0%	2.4%	13.9%	9.8%	0.4%	1.9%	4.4%	2.3%
GEL per US\$, ave	2.27	2.37	2.51	2.53	2.82	3.11	3.22	2.92	2.63	2.72	2.74	2.71
GEL per US\$, eop	2.39	2.65	2.59	2.68	2.87	3.28	3.10	2.70	2.69	2.81	2.70	2.70
GEL per EUR, ave	2.52	2.62	2.83	2.99	3.15	3.55	3.82	3.08	2.84	2.94	3.10	3.13
GEL per EUR, eop	2.62	2.79	3.10	3.07	3.21	4.02	3.50	2.88	2.98	2.93	3.17	3.16
GEL per GBP, ave	3.47	3.21	3.23	3.38	3.60	3.99	4.43	3.62	3.27	3.48	3.61	3.63
GEL per GBP, eop	3.55	3.26	3.50	3.40	3.76	4.45	4.17	3.26	3.42	3.53	3.64	3.69
Population, mn	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Government Finances												
Budget revenues, % of GDP	27.0%	27.5%	27.0%	26.5%	26.4%	25.3%	25.6%	27.2%	27.9%	28.3%	27.6%	26.4%
Budget expenses, % of GDP	28.1%	28.9%	27.8%	27.2%	29.1%	34.5%	31.9%	29.6%	30.2%	30.5%	29.7%	28.9%
Fiscal balance (-deficit), % of GDP	-2.4%	-2.7%	-2.7%	-2.2%	-2.1%	-9.2%	-6.0%	-3.0%	-2.4%	-2.3%	-2.5%	-2.5%
Public debt, % of GDP	36.0%	39.5%	38.9%	38.2%	40.0%	59.6%	49.1%	39.2%	38.9%	35.7%	34.1%	33.5%
External Sector												
Current account, US\$ bn	-1.8	-1.9	-1.3	-1.2	-1.1	-2.0	-1.9	-1.1	-1.7	-1.8	-1.2	-1.4
Current account, % of GDP	-11.6%	-12.2%	-8.0%	-6.7%	-6.0%	-12.4%	-10.3%	-4.4%	-5.5%	-5.3%	-3.2%	-3.3%
Exports, US\$ bn	6.2	6.2	7.6	8.9	9.6	6.0	8.1	13.2	15.1	16.2	17.7	18.8
Imports, US\$ bn	8.7	8.5	9.4	10.8	11.2	9.0	11.2	15.6	17.8	19.0	20.1	21.7
Net current transfers, US\$ bn	1.1	1.1	1.3	1.4	1.4	1.8	2.3	3.1	3.3	3.4	3.5	3.6
Net FDI, US\$ bn	1.4	1.2	1.7	1.0	1.1	0.6	0.9	1.9	1.6	1.1	1.3	1.5
Net FDI, % of GDP	9.3%	8.1%	10.4%	5.6%	6.2%	3.6%	5.0%	7.6%	5.3%	3.3%	3.5%	3.5%
Gross international reserves, US\$ bn	2.5	2.8	3.0	3.3	3.5	3.9	4.3	4.9	5.0	4.4	6.0	6.5
Financial sector												
Bank loan portfolio, US\$ bn	6.7	7.1	8.6	9.9	11.1	11.7	13.9	16.6	19.6	22.2	26.3	29.4
Bank loan portfolio, % of GDP	46.4%	51.7%	53.9%	58.6%	64.2%	76.8%	71.0%	61.5%	65.2%	67.0%	68.1%	69.7%
Monetary policy rate, %	8.0%	6.5%	7.3%	7.0%	9.0%	8.0%	10.5%	11.0%	9.50%	8.00%	8.00%	7.50%

Source: NBG, MOF, Geostat, Galt & Taggart

Note 1: Fiscal balance according to IMF Program Definition

Note 2: Exports and imports include both – goods and services

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