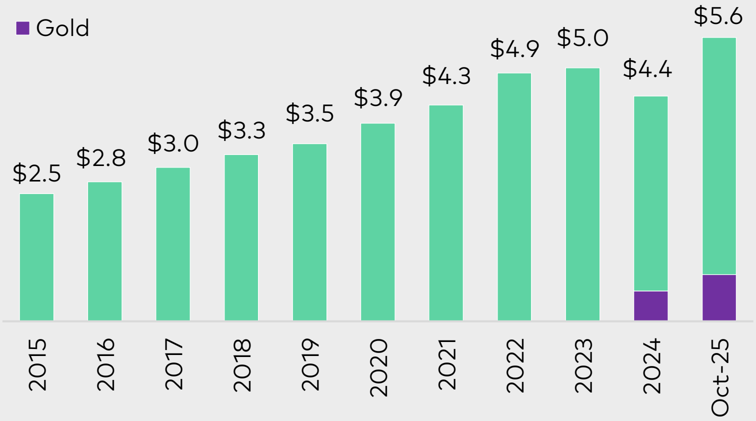
Monthly Economic Review | Georgia

28 November 2025

Chart of the month: International reserves hit a record US$ 5.6bn in Oct-25



Source: NBG

Gross international reserves increased by 37.2% y/y, reaching a record US$ 5.6bn in Oct-25. The accumulation was mainly supported by strong FX inflows from tourism and remittances, which enabled the NBG to conduct sizeable FX purchases (US$1.8bn during Mar-Oct 2025). Additionally, reserves were boosted by meaningful valuation gains from higher gold prices (+US$ 321.8mn since Dec-24).

We expect reserves to continue strengthening and reach around US$ 5.8bn by end-2025.

Economic summary

Growth: Georgia's economy grew by 6.0% y/y in October 2025, easing slightly from 6.4% y/y growth in September. Cumulatively, real GDP increased by 7.6% y/y in 10M25. October's growth was mainly driven by robust activity in ICT, transport & storage, financial & insurance and real estate operations, while construction, mining and energy sectors posted declines. We forecast real GDP growth at 7.5% in 2025 and 6.0% in 2026.

Inflation: In October 2025, Georgia's annual inflation increased to 5.2%, up from 4.8% in previous month, mainly reflecting higher bread prices. The rise was driven by high domestic inflation of 6.2% y/y and mixed-goods inflation of 8.2% y/y, while imported goods prices remained flat y/y. Notably, core inflation (excluding food, energy, and tobacco) also edged up to 2.4% y/y from 2.1% in previous month.
We expect average annual inflation at 3.9% in 2025 and 3.0% in 2026.

Monetary policy: On 5 November 2025, the NBG maintained the monetary policy rate unchanged at 8.0%, citing persistently high inflation in flexible-price categories (mainly food) and ongoing global uncertainty.
We expect the monetary policy rate to remain at 8.0% through end-2025. In our projection, the anticipated slowdown in inflation from 2Q26 would give the regulator room to start easing, potentially cutting the rate by 50 basis points to 7.5% in 2026.

FX: In Nov-25, the GEL appreciated by 0.4% m/m against the USD. Over January-November 2025, the exchange rate averaged 2.75 GEL per US dollar. We expect the average exchange rate to stand at 2.74 for the full year 2025. In our 2026 projection, we anticipate the GEL to remain broadly stable around 2.7/1$.

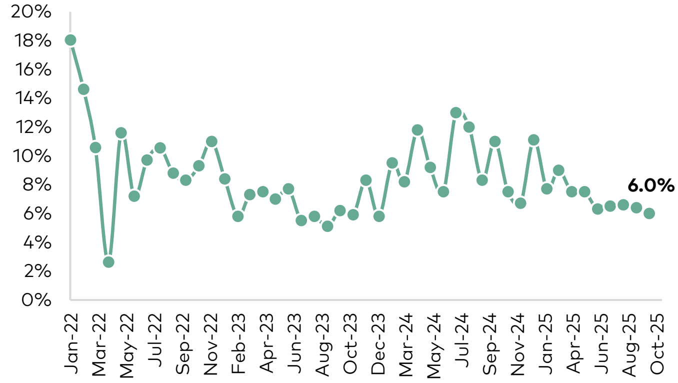
Activity

Trade: In Oct-25, goods exports increased by 0.4% y/y to US$ 684.5mn, following a 14.2% y/y growth in previous month. Goods imports declined by 3.1% y/y to US$ 1.5bn, after a 2.5% y/y rise in previous month. As a result, the trade deficit narrowed by 5.9% y/y to US$ 775.4mn in Oct-25. The exports growth was mainly driven by a rise in exports of cars, nuts, wine and aerated waters, while exports of precious metals and spirits 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, chocolate, wheat and vaccines increased notably in October.

Tourism: Tourism revenues increased by 4.0% y/y to US$ 420mn in Oct-25, according to our estimates. Overall, in January-October 2025, tourism revenues came in at US$ 4.1bn (+5.0% y/y), by our estimates.
We forecast tourism revenues at US$ 4.6bn for 2025 and US$ 4.9bn for 2026.

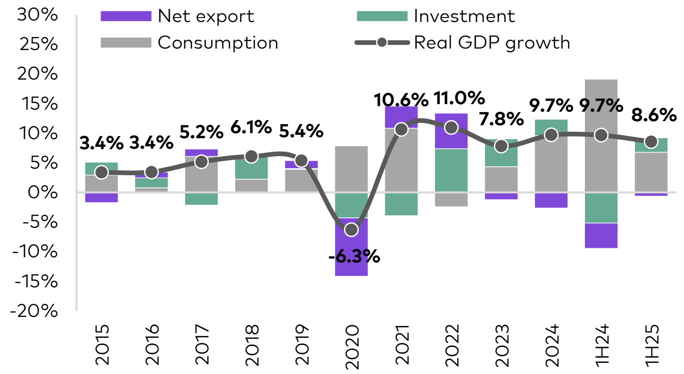
Banking sector: In Oct-25, the bank loan portfolio grew by 12.7% y/y (excl. FX effect) to GEL 68.0bn (US$ 25.1bn), easing slightly from 13.3% y/y growth in previous month. This growth was mainly driven by retail loans, which rose by 14.6% y/y, alongside a 10.6% y/y increase in legal entity loans. On the funding side, deposits rose by 13.9% y/y (excluding FX effect) to GEL 65.6bn (US$ 24.2bn) in Oct-25, compared with 13.7% y/y growth in previous month. Additionally, deposit and loan dollarization continued to decline in Oct-25, reaching 48.8% (-0.46ppts m/m and -1.93ppts y/y) and 42.0% (-0.26ppts m/m and -1.29ppts y/y), respectively.

Real GDP growth, % change y/y



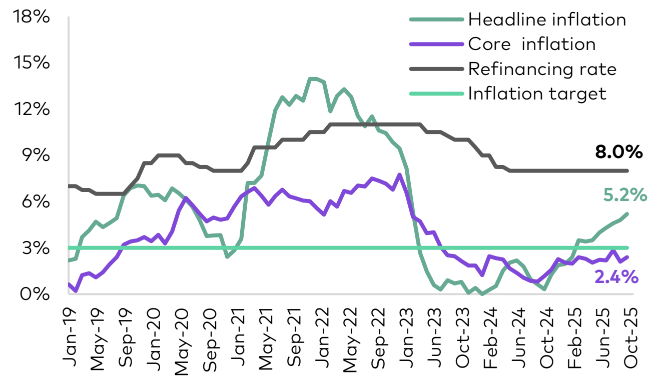
Source: Geostat

Contributions to real GDP growth, ppts



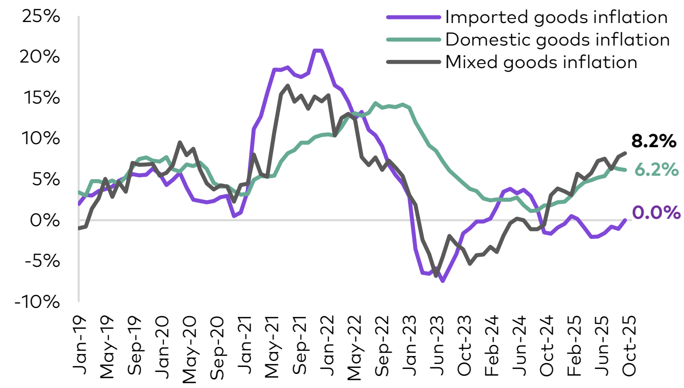
Source: Geostat, Galt & Taggart

Annual inflation and monetary policy rate



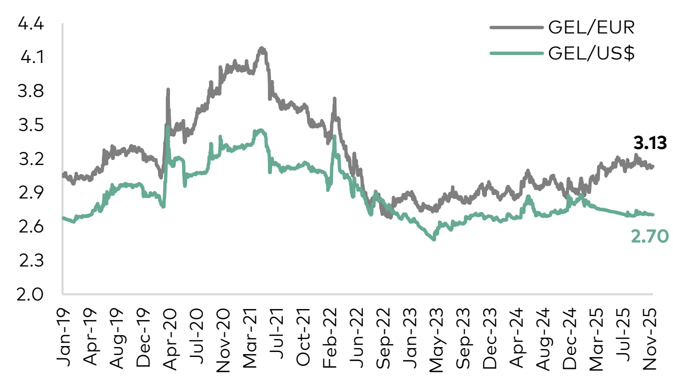
Source: Geostat, NBG

Imported and domestic inflation dynamics



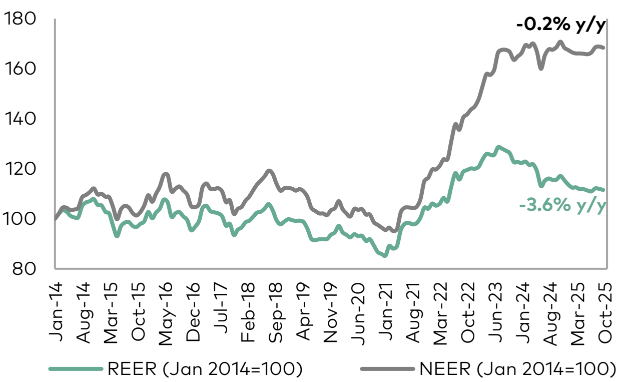
Source: Geostat

GEL/US$ and GEL/EUR



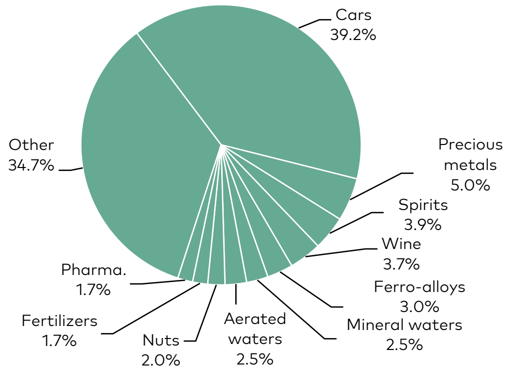
Source: NBG

GEL's nominal and real effective exchange rates



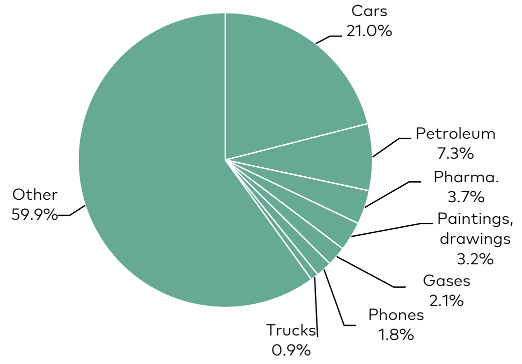
Source: NBG
Note: Index growth/decline means appreciation/depreciation of GEL

Exports by product, 10M25



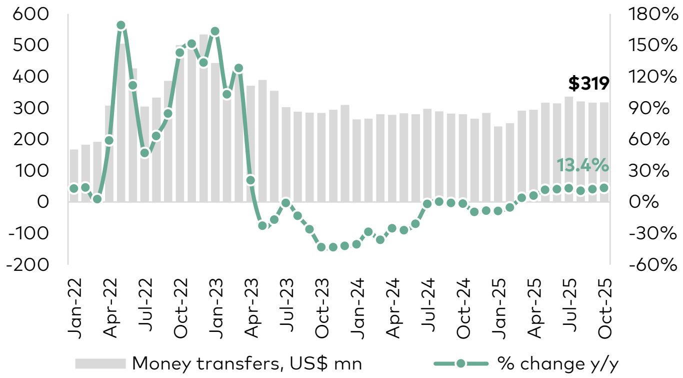
Source: Geostat

Imports by product, 10M25



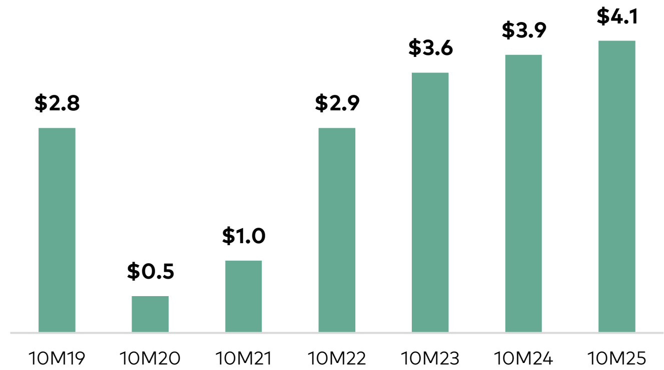
Source: Geostat

Money transfers to Georgia



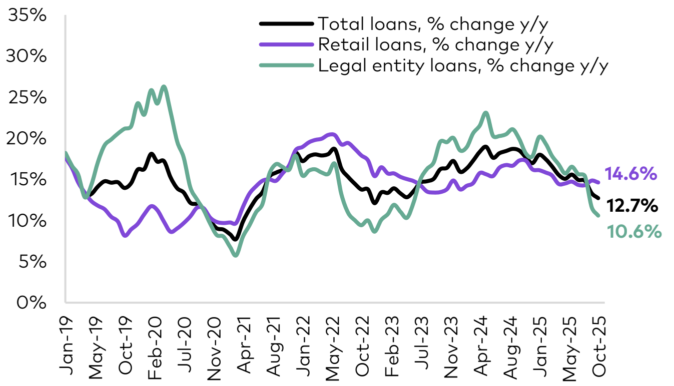
Source: NBG

Tourism revenues, US$ bn



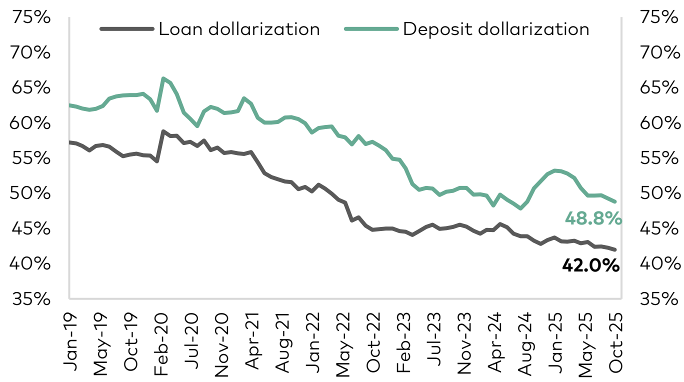
Source: NBG, Galt & Taggart

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	2025F	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	10,265	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	3.09	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	3.15	3.17
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	3.58	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%	28.6%	27.5%	26.5%
Budget expenses, % of GDP	28.1%	28.9%	27.8%	27.2%	29.1%	34.5%	31.9%	29.6%	30.2%	30.9%	30.0%	28.7%
Fiscal balance (-deficit), % of GDP	-2.4%	-2.7%	-2.7%	-2.2%	-2.1%	-9.2%	-6.0%	-3.0%	-2.4%	-2.4%	-2.5%	-2.4%
Public debt, % of GDP	36.0%	39.5%	38.9%	38.2%	40.0%	59.6%	49.1%	39.2%	38.9%	36.1%	35.5%	34.5%
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	-1.9	-2.0
Current account, % of GDP	-11.6%	-12.2%	-8.0%	-6.7%	-6.0%	-12.4%	-10.3%	-4.4%	-5.5%	-5.4%	-5.0%	-4.8%
Exports, US$ bn	6.2	6.2	7.6	8.9	9.6	6.0	8.1	13.2	15.1	16.2	17.3	18.3
Imports, US$ bn	8.7	8.5	9.4	10.8	11.2	9.0	11.2	15.6	17.8	19.0	20.5	21.9
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	1.1	1.2
Net FDI, % of GDP	9.3%	8.1%	10.4%	5.6%	6.2%	3.6%	5.0%	7.6%	5.3%	3.4%	2.9%	2.9%
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	5.8	6.3
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	26.1	29.3
Bank loan portfolio, % of GDP	46.4%	51.7%	53.9%	58.6%	64.2%	76.8%	71.0%	61.5%	65.1%	67.7%	67.7%	69.4%
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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