



Economy

Growth at 6.3% in Aug-26

Real GDP growth in Georgia moderated to 6.3% y/y in Aug-26 from 8.0% in July, keeping the 8M26 average at a strong 7.6% y/y. Growth in August was driven mainly by manufacturing, ICT, financial services, real estate, trade and transport, while construction contracted.

We maintain our 2026 real GDP growth forecast at 7.5% (see latest macro forecasts [here](#)).

Annual inflation stood at 5.6% in Sep-26

Annual inflation held steady at 5.6% y/y in Sep-26, unchanged from August, but its composition shifted. Imported inflation accelerated further to 7.8% y/y (from 5.7% in August), driven mainly by higher gasoline and diesel prices, while price growth in domestic and mixed goods eased to 4.9% y/y and 4.8% y/y, respectively (from 5.9% and 5.3%). Importantly, underlying pressures moderated in September: core inflation (excluding food, energy and tobacco) edged down to 3.5% y/y from 3.6% in August, and services inflation slowed to 3.7% y/y from 4.4%.

By category, transport remained the main driver of annual inflation (+18.7% y/y; +2.20 ppts contribution), followed by food and non-alcoholic beverages (+3.4% y/y; +1.24ppts), utilities (+9.2% y/y; +0.89ppts), healthcare (+8.0% y/y; +0.66ppts), alcoholic beverages and tobacco (+6.2% y/y; +0.41ppts), and hotels and restaurants (+7.3% y/y; +0.25ppts). Partially offsetting these, prices declined in education (-12.5% y/y; -0.55ppts) and communication (-2.8% y/y; -0.09ppts).

Given persistently elevated global oil prices, we have revised our 2026 average inflation forecast up to 5.3% from 5.1%.

CA deficit was 2.5% of GDP in 1H26

The current account (CA) deficit narrowed significantly to 1.4% of GDP in 2Q26, bringing the 1H26 deficit to 2.5% of GDP, down from 5.8% in 1H25. All major components contributed to the improvement. The largest contributions came from higher surpluses on transfers (+11.1% y/y to US\$ 1.9bn) and services (+5.9% y/y to US\$ 2.0bn). The merchandise trade deficit also narrowed, by 3.2% y/y to US\$ 3.3bn, as goods exports grew considerably faster than imports. In addition, the primary income deficit declined by 8.4% y/y to US\$ 1.1bn. The deficit was financed mainly by net portfolio investment (US\$ 543mn) and FDI (US\$ 535mn), with additional support from net other investment (US\$ 151mn).

We forecast the CA deficit at 1.9% of GDP for full-year 2026, down from 2.9% recorded in 2025.

Government targets a 2.5% deficit in the 2027 draft budget

The government has submitted its initial draft of the 2027 state budget to Parliament, based on assumptions of 5.0% real GDP growth and a 3.7% GDP deflator. The consolidated fiscal deficit is targeted at 2.5% of GDP. Tax revenues are projected to rise by 7.7% y/y to 23.4% of GDP, and privatization proceeds are set at GEL 350mn. Total expenditures are budgeted at 28.5% of GDP, with capital spending increasing to 6.7% of GDP from an estimated 6.4% in 2026. Public debt is projected to decline slightly to 31.6% of GDP (from 31.9% in 2026E), as external debt falls to 18.8% of GDP (from 20.2%) while domestic debt rises to 12.7% (from 11.7%).

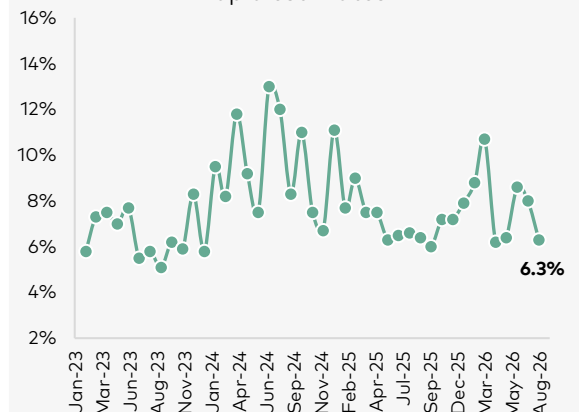
Key macro indicators

	2025	2026F
Real GDP growth (% change)	7.5%	7.5%
GDP per capita (ppp)	29,329	33,784
GDP per capita (US\$)	9,678	11,187
Population (mn)	3.9	3.9
Inflation (average)	3.9%	5.3%
Gross reserves (US\$ bn)	6.2	9.0
CAD (% of GDP)	2.9%	1.9%
Fiscal deficit (% of GDP)	1.4%	1.4%
Total public debt (% of GDP)	34.4%	31.9%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

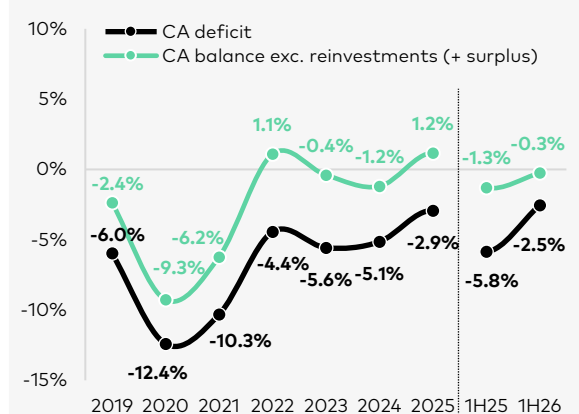
*Latest sovereign credit ratings

Real GDP, % change y/y Rapid estimates



Source: Geostat

Current account (CA) balance % of GDP



Source: NBG, Geostat, Galt & Taggart



Money market

There was no treasury securities auction last week.

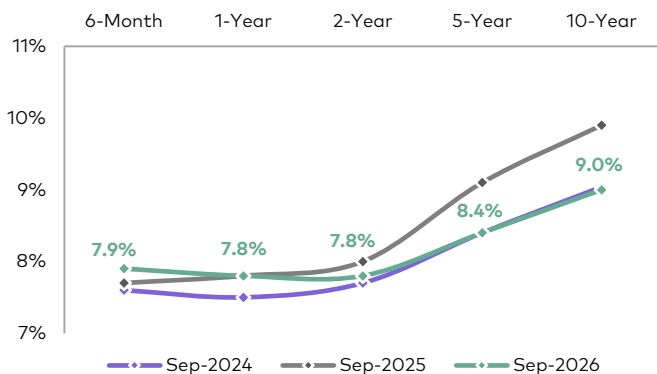
The nearest treasury security auction is scheduled for October 6, 2026, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 2.4-year treasury notes will be sold.

T-bills / T-notes in 2026

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
Short-term (less than 1-year)	460	120	397
Long-term (over 1-year)	1,785	390	12,364
Total	2,245	510	12,761

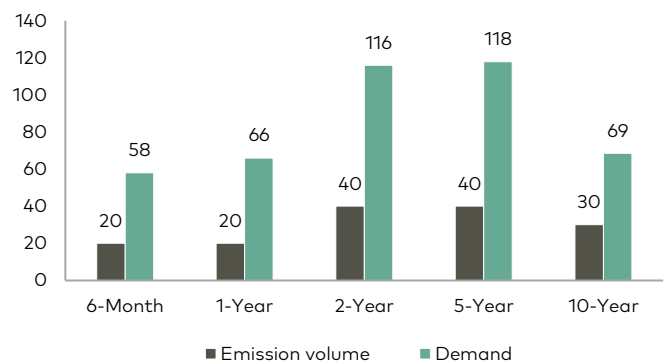
Source: MoF, Galt & Taggart
*As of August 2026

T-bills / T-notes, yield curve



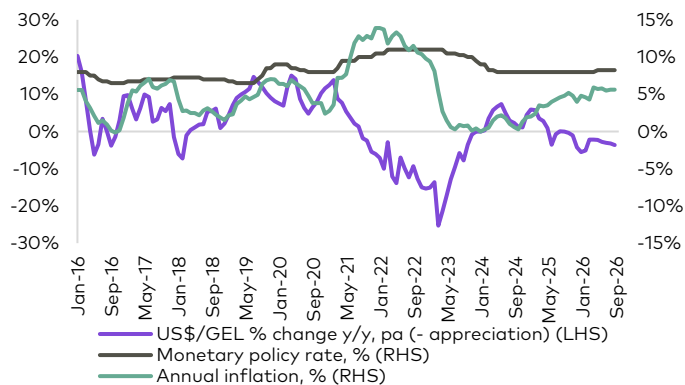
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



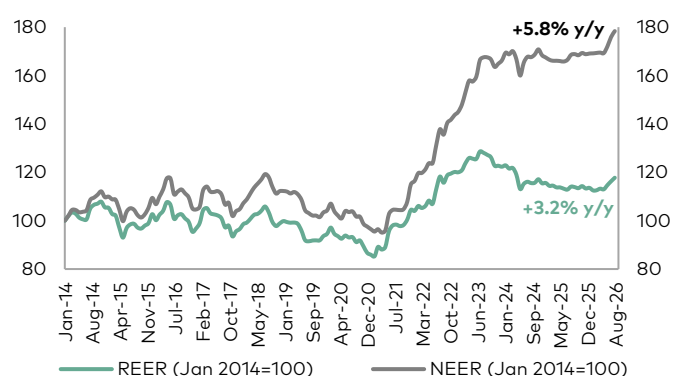
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal and real effective exchange rates



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate



Fixed income

Georgian Eurobonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings Fitch/S&P/Moody	Mid price	Mid yield, %	Z-spread, bps
GEORG 01/31	USD	500	5.125%	Jan-26	Jan-31	BB/BB/Ba2	94.88	6.50	177.01
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	96.32	6.31	168.06
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	104.53	9.74	297.62
GEBGG 11/28	GEL	450	11.500%	Nov-25	Nov-28	-/-/Ba2	102.56	10.11	n/a
GEBGG 06/31	USD	300	6.500%	Jun-26	Jun-31	-/-/Ba2	97.17	7.22	245.39
SILKRDH 09/30	USD	400	7.500%	Sep-25	Sep-30	BB-/-/B1	99.12	7.76	301.77
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	100.55	2.25	n/a
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	106.05	9.94	305.67
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB/BB/-	103.74	7.37	210.45

■ Galt & Taggart-led and/or co-managed deals
Source: Bloomberg

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Issuer Credit Rating	Mid price	Mid yield
USD								
Geo. Renewable Power Oper.	USD	73	7.00%	Oct-22	Oct-27	n/a	100.00	7.00%
Georgia Capital	USD	50	8.50%	Aug-23	Aug-28	BB-	101.08	8.13%
Silk Bank	USD	1	12.50%	Apr-24	Apr-29	n/a	n/a	n/a
JSC BasisBank	USD	20	7.00%	Aug-24	Aug-27	B+	n/a	7.00%
Liberty Bank	USD	3.6	11.00%	Sep-24	Sep-31	B+	n/a	n/a
Liberty Bank	USD	4	13.50%	Dec-24	n/a	B+	n/a	n/a
Tegeta Motors	USD	5	8.25%	Dec-24	Dec-26	BB-	n/a	n/a
MP Development	USD	17.7	8.50%	Apr-25	Apr-27	n/a	n/a	n/a
Tegeta Motors	USD	10	8.00%	Apr-25	Apr-27	BB-	n/a	n/a
Tegeta Motors	USD	10	8.00%	Apr-25	Apr-27	BB-	n/a	n/a
Energy Development Georgia	USD	10	8.50%	Jun-25	Jun-27	n/a	n/a	n/a
ALMA	USD	30	8.50%	Jul-25	Jul-27	n/a	n/a	n/a
Gudauri Lodge	USD	10	8.25%	Oct-25	Oct-27	n/a	n/a	n/a
IG Development	USD	25	7.75%	Dec-25	Dec-27	n/a	n/a	n/a
TBC Leasing	USD	30	7.25%	Dec-25	Dec-28	BB	n/a	n/a
TBC Leasing	USD	15	7.25%	Dec-25	Dec-28	BB	n/a	n/a
Bank of Georgia	USD	15	4.20%	Dec-25	Dec-26	BB	n/a	n/a
Lopota	USD	1	7.75%	Apr-26	Apr-27	n/a	n/a	n/a
Bank of Georgia	USD	40	5.00%	Apr-26	Apr-27	BB	n/a	n/a
Nutrimax	USD	10	8.50%	May-26	May-28	n/a	n/a	n/a
Tegeta Motors	USD	5	5.75%	Jun-26	Dec-26	BB-	n/a	n/a
Tegeta Motors	USD	15	7.00%	Jun-26	Jun-28	BB-	n/a	n/a
IG Development Georgia	USD	39.5	7.25%	Jul-26	Jul-28	n/a	n/a	n/a
MP Development	USD	6.3	7.50%	Jul-26	Jul-27	n/a	n/a	n/a
MFO Rico Express	USD	10	7.00%	Sep-26	Sep-29	B+	n/a	n/a

■ Galt & Taggart-led and/or co-managed deals
Source: NBG



Fixed income

Georgian local bonds

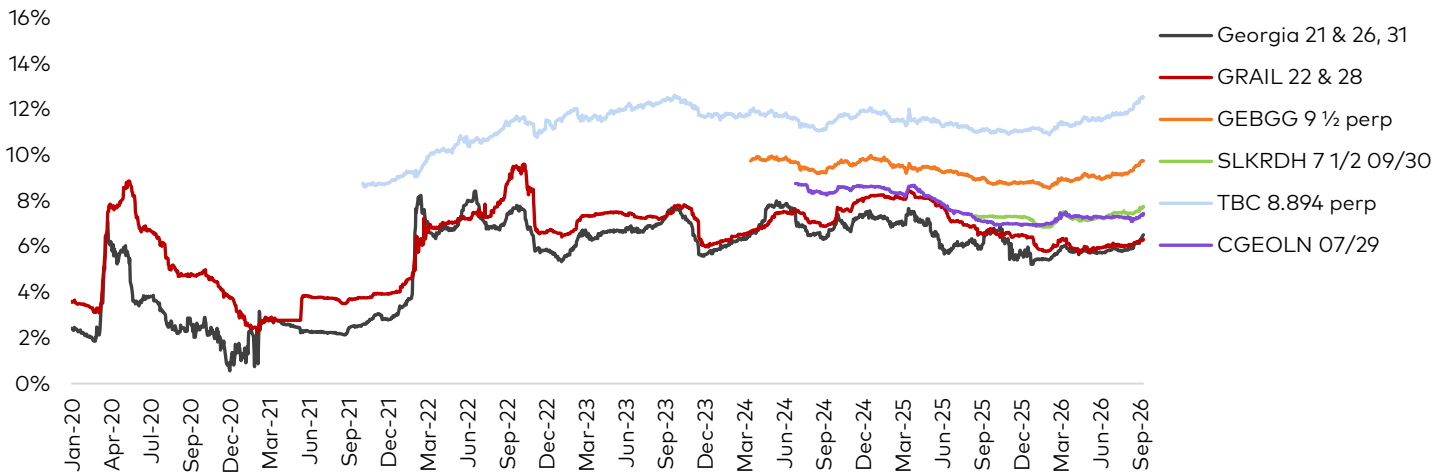
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Issuer Credit Rating	Mid price	Mid yield, %
EUR								
ALMA	EUR	8.5	7.25%	Jul-25	Jul-27	n/a	n/a	n/a
IG Development	EUR	15	6.50%	Dec-25	Dec-28	n/a	n/a	n/a
Tegeta Motors	EUR	7.5	6.25%	May-26	May-28	BB-	n/a	n/a
Tegeta Motors	EUR	3.5	6.25%	May-26	May-28	BB-	n/a	n/a
MP Development LLC	EUR	5.3	6.50%	Jul-26	Jul-27	n/a	n/a	n/a
GEL								
Cellfie	GEL	65	TIBR6M + 3.50%	Dec-23	Dec-26	BB-	100.00	12.33%
Nikora Trade	GEL	60	TIBR3M + 3.25%	Oct-24	Oct-29	BB-	n/a	n/a
MFO MBC	GEL	30	TIBR3M + 4.25%	Dec-24	Dec-26	B+	n/a	n/a
MFO MBC	GEL	30	TIBR3M + 4.00%	Apr-25	Apr-27	B+	n/a	n/a
Nikora Trade	GEL	60	TIBR3M + 3.50%	Jul-25	Jul-30	BB-	n/a	n/a
Georgian Healthcare Group	GEL	350	TIBR + 3.75%	Sep-25	Sep-30	B+	n/a	n/a
Nikora	GEL	60	TIBR3M + 3.50%	Sep-25	Sep-30	BB-	n/a	n/a
MFO MBC	GEL	30	TIBR3M + 4.00%	Oct-25	Oct-27	B+	n/a	n/a
MFO Rico Express	GEL	200	TIBR1D + 3.00%	Dec-25	Dec-30	B+	n/a	n/a
Tegeta Motors	GEL	260	TIBR6M + 3.00%	Dec-25	Dec-30	BB-	n/a	n/a
Nova	GEL	50	TIBR6M + 3.25%	Dec-25	Dec-30	B+	n/a	n/a
TBC Leasing	GEL	160	TIBR3M + 3.00%	Mar-26	Mar-31	BB	n/a	n/a

■ Galt & Taggart-led and/or co-managed deals
Source: NBS



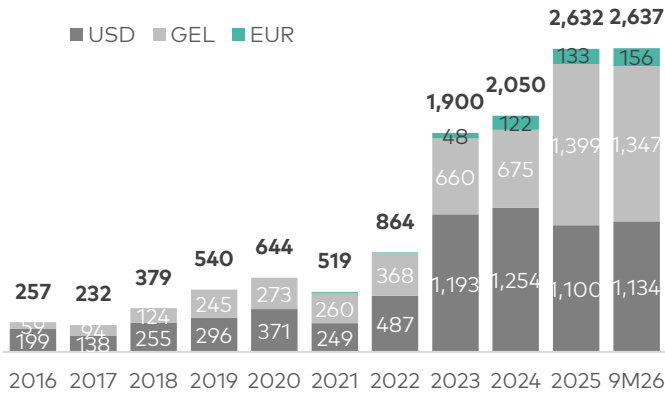
Fixed income

Georgian Eurobonds, YTM



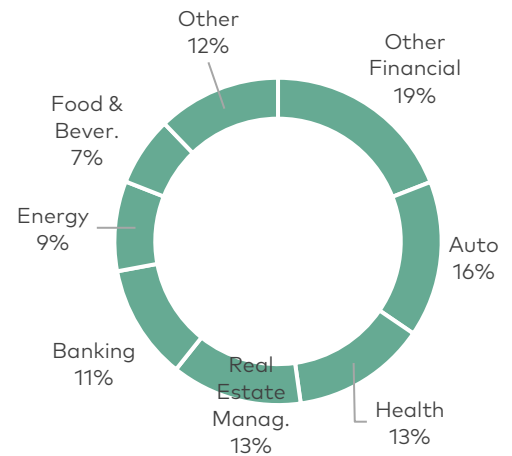
Source: Bloomberg

Georgian local corporate public bonds outstanding GEL mn



Source: NBG

Georgian local corporate public bonds outstanding by sector

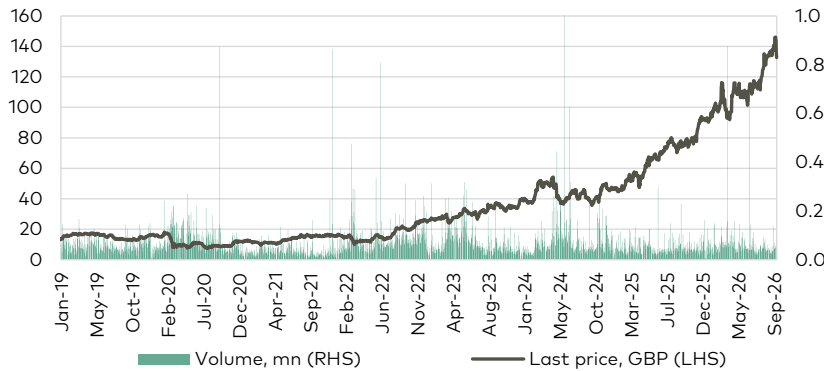


Source: NBG



Equities

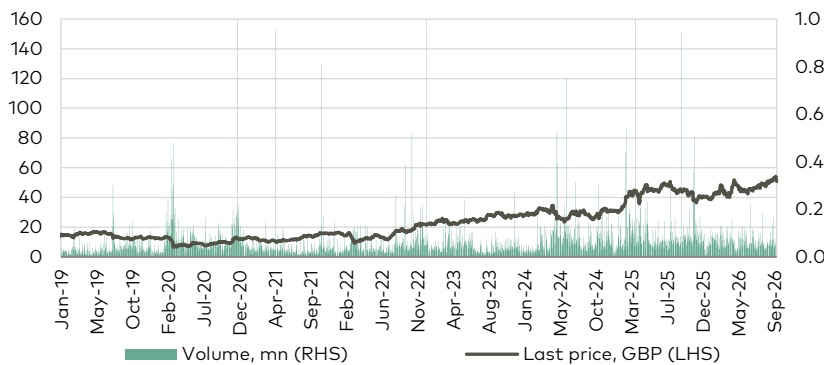
Lion Finance Group (BGEO LN)



Source: Bloomberg

Lion Finance Group (BGEO LN) shares closed at GBP 132.60/share (-9.05% w/w and -0.75% m/m). More than 332k shares traded in the range of GBP 131.10 - 148.20/share. Average daily traded volume was 52k in the last 4 weeks. The volume of BGEO shares traded was at 0.77% of its capitalization.

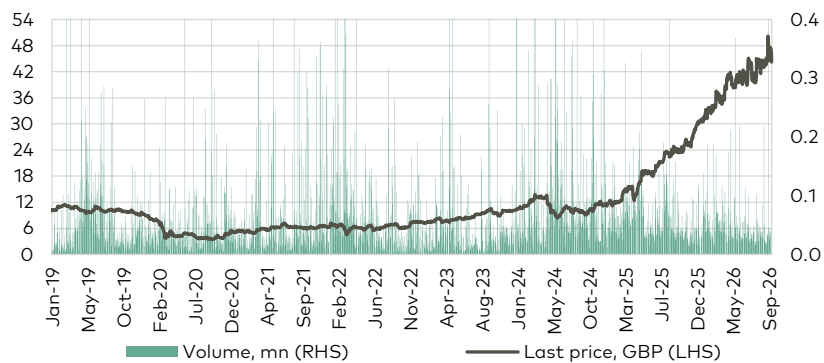
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 50.75/share (-4.87% w/w and +1.20% m/m). More than 388k shares changed hands in the range of GBP 50.35 - 54.80/share. Average daily traded volume was 73k in the last 4 weeks. The volume of TBCG shares traded was at 0.70% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 44.20/share (-5.76% w/w and +1.49% m/m). More than 185k shares traded in the range of GBP 43.85 - 48.35/share. Average daily traded volume was 76k in the last 4 weeks. The volume of CGEO shares traded was at 0.54% of its capitalization.



Equities

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2027F	2028F	2027F	2028F
Lion Finance Group	BGEO	GBP	132.60	5,731	36.7%	77.3%	42.6%	7.12x	6.10x	1.57x	1.29x
TBC	TBC	GBP	50.75	2,828	17.6%	13.2%	25.0%	5.46x	4.75x	1.18x	1.02x
Halyk Bank	HSBK	USD	33.45	9,115	4.4%	28.2%	11.7%	4.77x	5.06x	na	na
Akbank	AKBNK	TRY	67.10	348,920	-3.1%	7.4%	-3.9%	2.90x	2.42x	0.72x	0.57x
Garanti	GARAN	TRY	125.90	528,780	-4.1%	-10.4%	-12.3%	3.02x	2.52x	0.77x	0.62x
Isbank	ISCTR	TRY	12.45	311,250	-5.5%	-10.8%	-11.6%	2.22x	1.65x	0.49x	0.42x
PKO	PKO	PLN	118.24	147,800	31.4%	60.2%	38.8%	10.67x	9.68x	2.22x	2.04x
PEKAO	PEO	PLN	268.70	70,526	19.5%	48.3%	31.0%	10.22x	9.22x	1.80x	1.70x
Millennium	MIL	PLN	21.74	26,372	29.0%	45.5%	30.7%	11.22x	10.00x	2.02x	1.87x
Mbank	MBK	PLN	1,391.00	59,153	20.0%	49.6%	31.0%	11.64x	10.55x	2.21x	1.98x
BRD	BRD	RON	29.65	20,663	4.4%	41.2%	10.2%	11.34x	9.85x	1.63x	1.49x
Banca Transilvania	TLV	RON	34.70	37,834	9.8%	41.3%	31.5%	9.08x	8.27x	1.69x	1.53x
Komerční	KOMB	CZK	999.00	189,859	-8.8%	-3.3%	-14.0%	10.22x	9.61x	1.41x	1.37x
Mean								7.68x	6.90x	1.48x	1.32x
Median								9.08x	8.27x	1.60x	1.43x

Source: Bloomberg, S&P Capital IQ



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