



Research

GEORGIA MACRO OVERVIEW

Issue 10

May 2026

Main Findings

Economic Growth

Performance in 2025 and Q1 of 2026
Estimates Of Key Fiscal Indicators

Business Climate

BAG Index: Georgian Business Climate Index

Key Macroeconomic Indicators

Inflation
Reserves & Monetary Policy
Interest Rates

Labor Market

Employment
Salaries
Vacancies
Beveridge Curve

External Sector

Trade
Export and Import
Export of Services
Foreign Direct Investments
Tourism
Migration
Money Transfers
Foreign Exchange Inflows

Global Economic Trends



MAIN FINDINGS

In 2025, Georgia's economy grew at a slower pace than in the previous year, with **average real GDP growth of 7.5%**, supported mainly by **ICT, education, and transport** sectors. The growth was robust in Q1 of 2026 at 9.1% year-over-year (YoY).

- **These factors present positive developments:**

- **Improved business climate:** Business climate indicators strengthened in 2025 compared to 2024 and remained broadly stable in Q1 of 2026.
- **Increased trade turnover:** In 2025, Georgia's trade turnover increased by 10.5% YoY, driven by a 10.3% rise in imports and 11.2% increase in exports.
- **All major sources of foreign exchange increased:** In 2025, exports (+11.2%), remittances (+8.6%), FDI (+7.6%), and tourism income (+6%) increased. Export growth was the main contributor to overall foreign exchange inflow expansion.
- **Monetary buffers strengthened:** International reserves increased notably, reaching USD 6.3 billion as of April 2026, supported by active reserve accumulation by the NBG.

- **These factors present adverse developments:**

- **Inflationary pressures:** Headline inflation averaged 3.9% in 2025, increased to an average of 4.9% in the first 4M of 2026, and reached 5.9% in April, driven primarily by food, energy, and transport prices.
- **Slower private sector credit growth:** In 2025, it averaged 15.7%, which was 2.9 pp lower than in 2024. The slowdown continued in Q1 of 2026, with credit growth moderating from 15.7% to 13% compared to the same period of 2025.
- **Labor market conditions softened:** Business sector employment fell by 6.3% in 2025, vacancies declined by 4.1%, and labor force participation weakened, suggesting slower job creation and reduced labor market activity.

Outlook for 2026

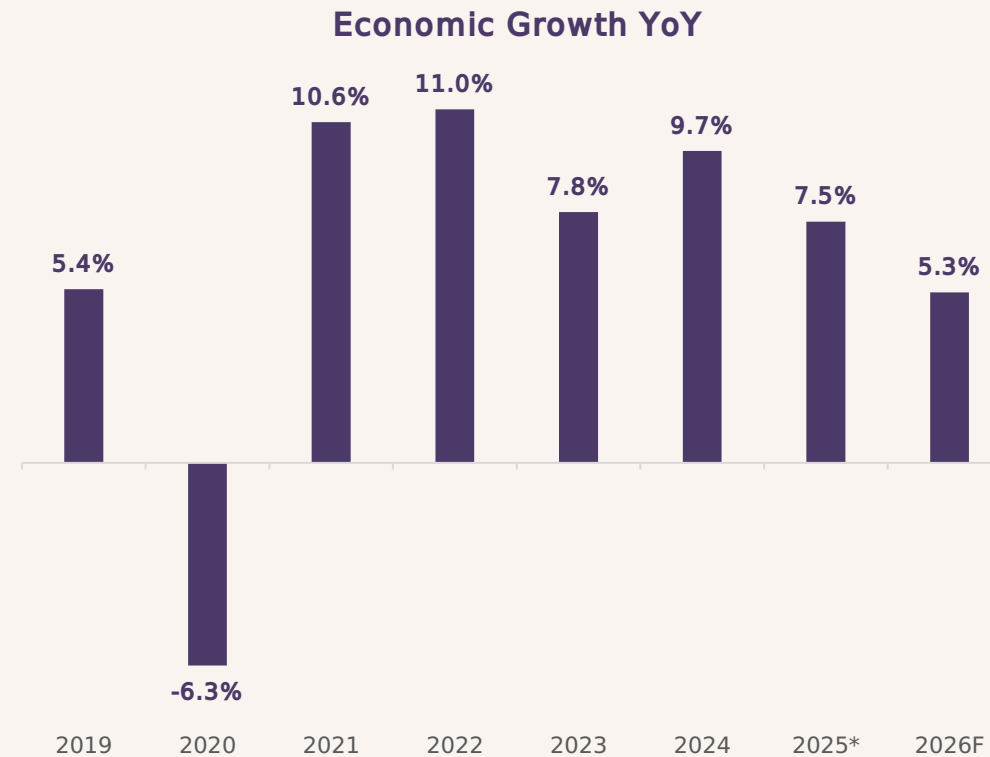
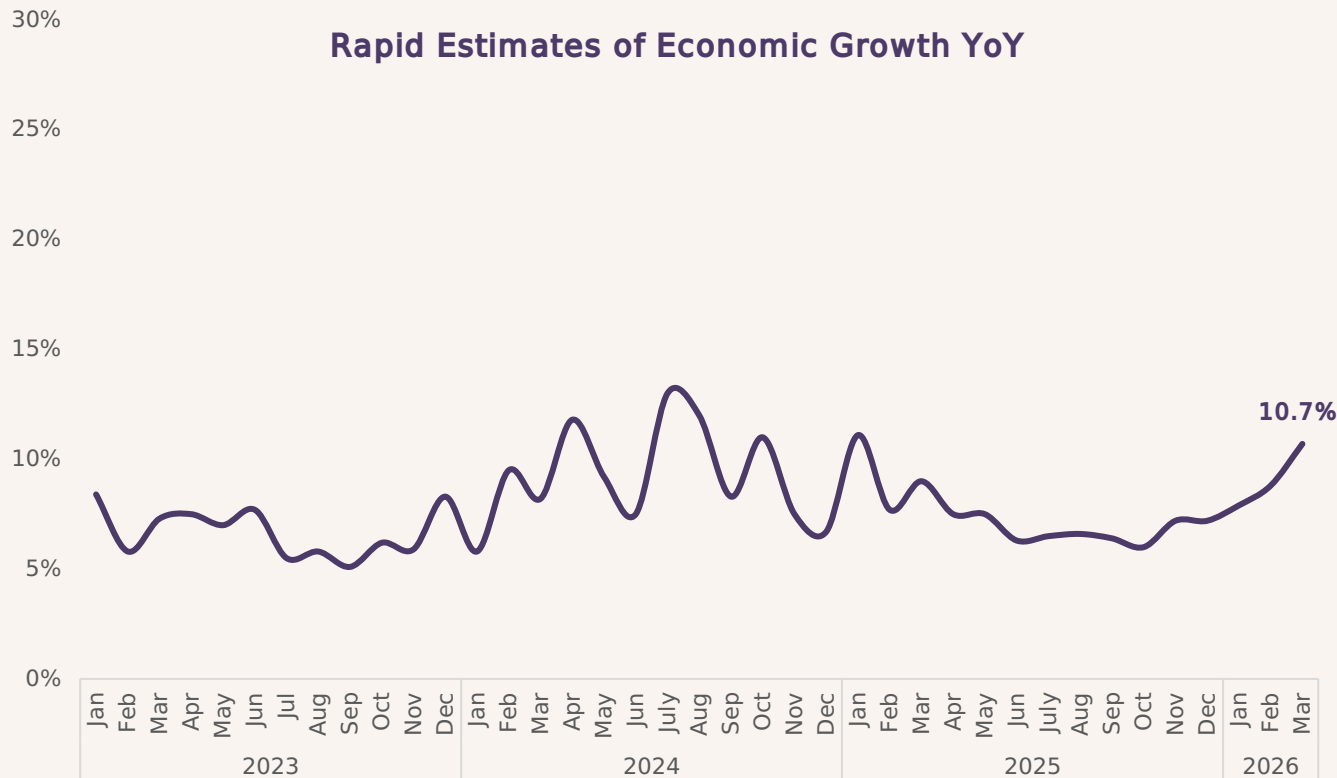
- **Growth.** Economic growth is expected to moderate gradually. The IMF projects GDP growth of 5.3% in 2026.
- **Inflation.** Inflation is expected to remain above target at 3.8% in 2026, according to the ADB forecast.
- **Trade.** In 2026, the MoF projects exports to increase by 12%, and imports by 10.5%.
- **Monetary policy.** Monetary policy has shifted toward tighter conditions. Following renewed inflationary pressures and heightened

geopolitical and energy-price shocks, the NBG raised the policy rate to 8.25% in May 2026 and signalled that further tightening remains possible if inflation risks persist, with normalization dependent on inflation converging back toward target.

- **Risks.** External risks remain elevated and more inflationary. Geopolitical tensions, higher commodity and transport costs, global supply-chain disruptions, and slower external demand continue to pose downside risks to growth while increasing upside risks to inflation and macroeconomic stability.



ECONOMIC GROWTH: PERFORMANCE IN 2025 and Q1 of 2026



- In 2025, average **real GDP growth** in Georgia amounted to 7.5%, marking a decrease compared to the 9.7% growth recorded in 2024.
- **ICT, transport, and education services** on the supply side and **private consumption** on the demand side supported high growth in 2025.

* Preliminary data; F: Forecast by IMF

- In Q1 of 2026, average real GDP growth compared to the previous year amounted to 9.1%.
- According to the International Monetary Fund, Georgia's economic growth is projected at 5.3% in 2026.



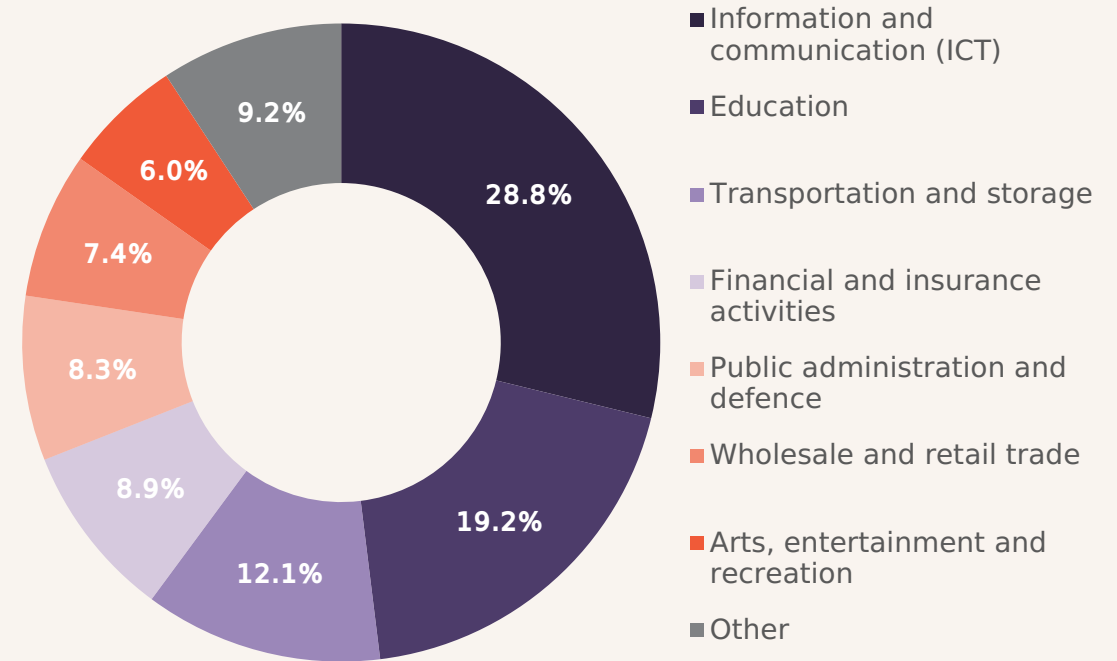
ECONOMIC GROWTH: SECTORAL PERFORMANCES

Selected Sectors	Nominal GDP, mln GEL, 2025*	Real GDP Growth 2025* / 2024
Information and communication	7,370	28.7%
Education	5,862	24.5%
Financial and insurance activities	4,687	12.9%
Administrative and support service activities	1,078	12.4%
Arts, entertainment and recreation	3,722	12.3%
Human health and social work activities	3,572	11.9%
Public administration and defence	6,120	9.3%
Transportation and storage	5,555	8.9%
Agriculture, forestry and fishing	5,420	-5.7%

- **Information and communication (ICT)** and **education** were the fastest-growing sectors in 2025, achieving year-over-year (YoY) growth rates of 28.7% and 24.5%, respectively.
- In 2025, the **agriculture, forestry and fishing** sector decreased by 5.7% compared to 2024.

* Preliminary data

Real GDP Growth Contributors

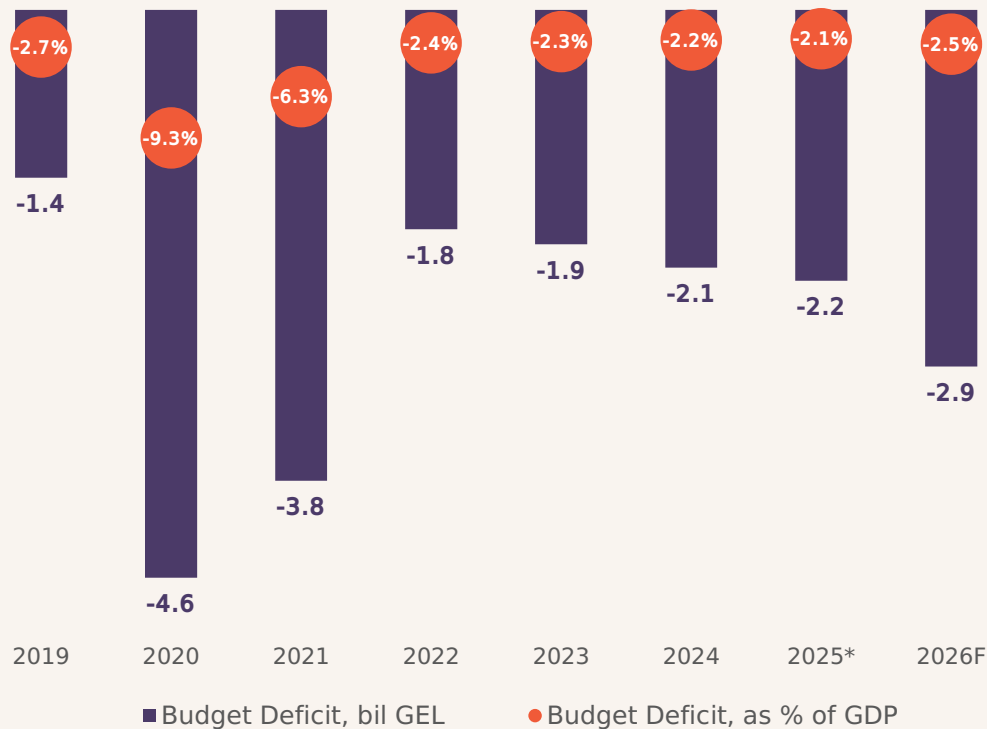


- **ICT** and **education** sectors were also the key contributors to real GDP growth in 2025, with contributions of 28.8% and 19.2%, respectively.

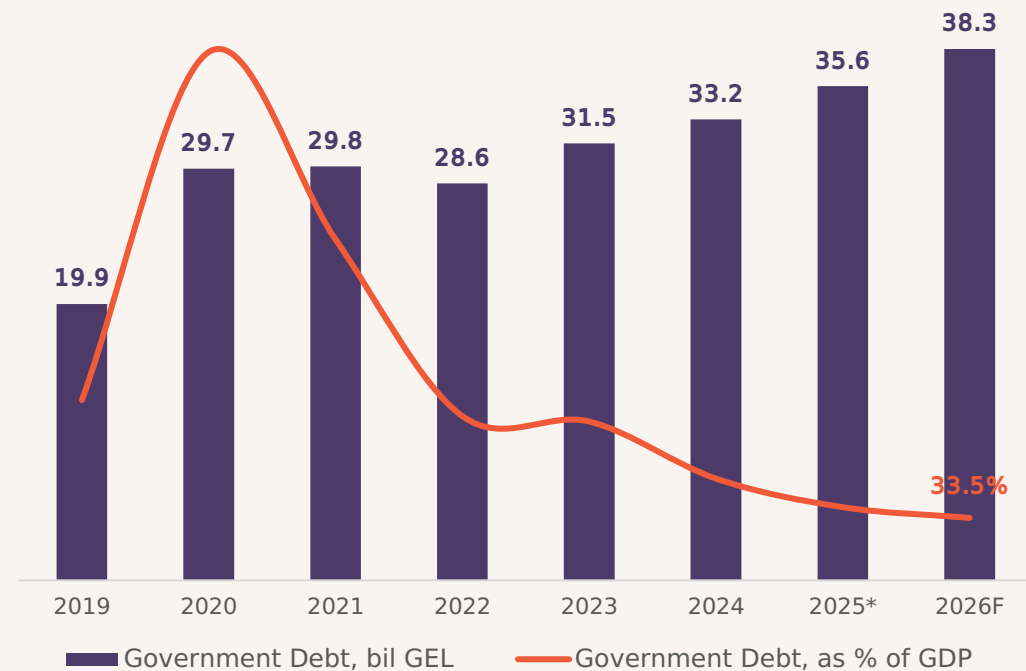


ESTIMATES OF KEY FISCAL INDICATORS

Budget Deficit



Government Debt



- By the end of 2025, the **budget deficit** reached GEL 2.2 billion, representing 2.1% of nominal GDP.
- According to the forecast of Ministry of Finance of Georgia, the budget deficit is projected to reach GEL 2.9 billion in 2026, which represents 2.5% of projected nominal GDP.

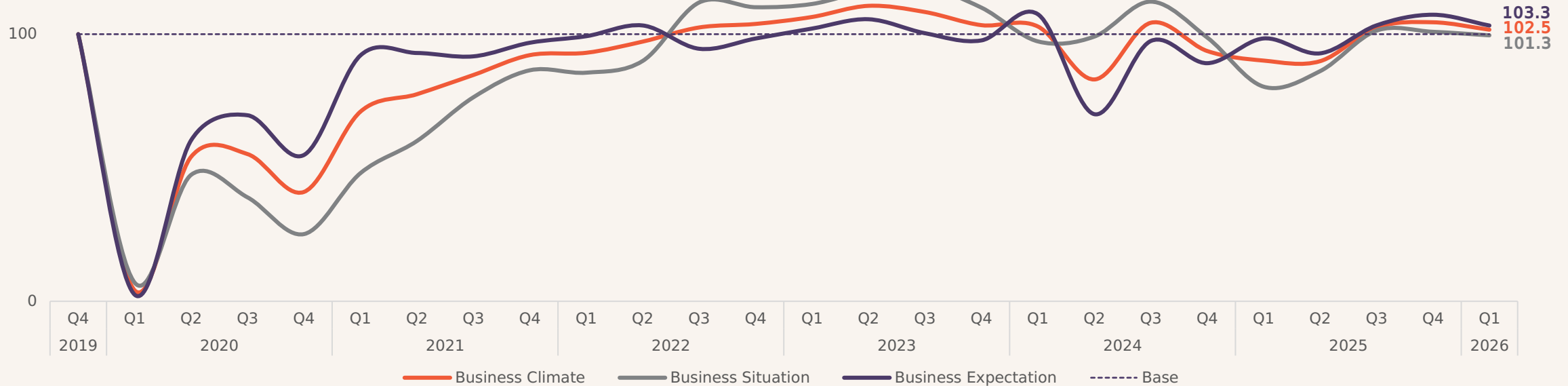
- In 2025, **government debt** increased by 7.2% compared to the end of 2024, reaching GEL 35.6 billion. The Ministry of Finance of Georgia projects that in 2026, government debt will rise further to 38.3 billion GEL, representing 33.5% of the forecasted nominal GDP.

F: Forecast by the Ministry of Finance of Georgia



ECONOMIC AND BUSINESS CLIMATE: BAG INDEX

Georgian Business Climate Index, 2019 Q4=100*



• In the first half of 2025, the **business climate** remained below the 2019 benchmark. A **turnaround** occurred in Q3 of 2025, when the index rose above the pre-pandemic level and remained there through Q1 of 2026.

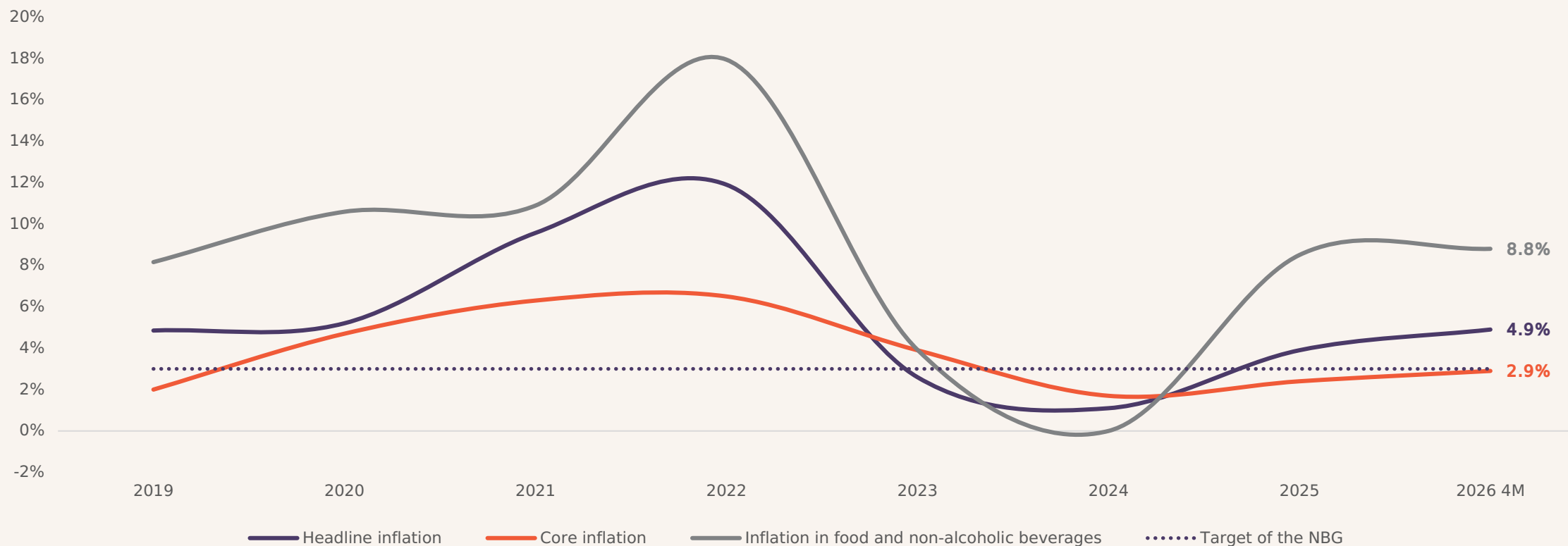
• In Q1 of 2026, compared to Q4 of 2025, the **business climate** index declined slightly (-2.8 points), due to weaker **business expectations** (-4.1 points), while the **present business situation** remained broadly stable (+0.3 points).

* The presented index, derived from the business climate, sets the Q4 of 2019 as the base at 100. It is important to note that values above 100 in the graph indicate that the current climate/present situation/expectations are higher than the assessment based on the reference period of Q4 of 2019, rather than the positive value of the actual index. Conversely, values below 100 suggest a relative decline. This index serves as a standardized tool for evaluating changes in the business environment over time. For the actual climate values, see the [BAG Index](#).



KEY MACROECONOMIC INDICATORS: INFLATION

Average YoY Inflation



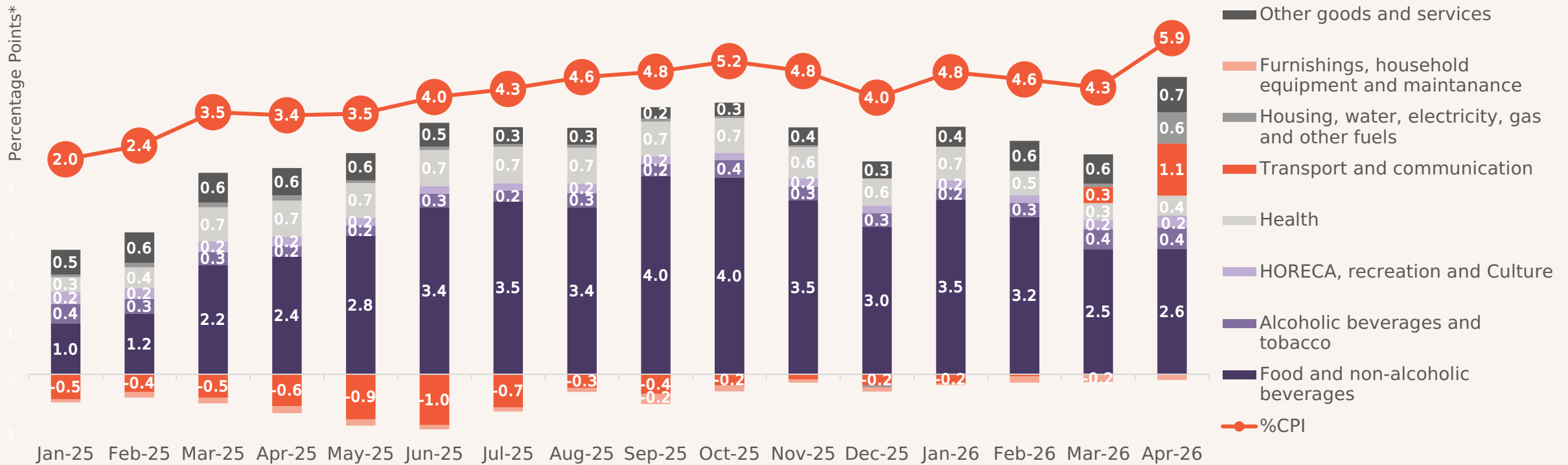
- In 2025, average **headline inflation** stood at 3.9%, while average **core inflation** was 2.4%. **Inflation in food and non-alcoholic beverages** remained elevated at 8.5%.
- Inflationary pressures intensified further in the first 4M of 2026, due to persistent increases in **food** and **energy prices**.

- In February of 2026, the National Bank of Georgia projected headline inflation to average 3.7% in 2026, under the assumption of an unchanged monetary policy stance. The policy rate was subsequently raised by 0.25 pp in May, signalling a gradual **tightening of policy**.



KEY MACROECONOMIC INDICATORS: INFLATION

Contributions of Different Spending Categories to the Monthly YoY Inflation, pp



- Monthly YoY inflation peaked at 5.9% in April 2026, the highest level recorded since February 2023.
- **Energy** and **transport** sectors were among the key contributors to recent inflation dynamics: energy prices rose following adjustments in administered tariffs, while transport prices shifted from a period of deflation during 2025 to

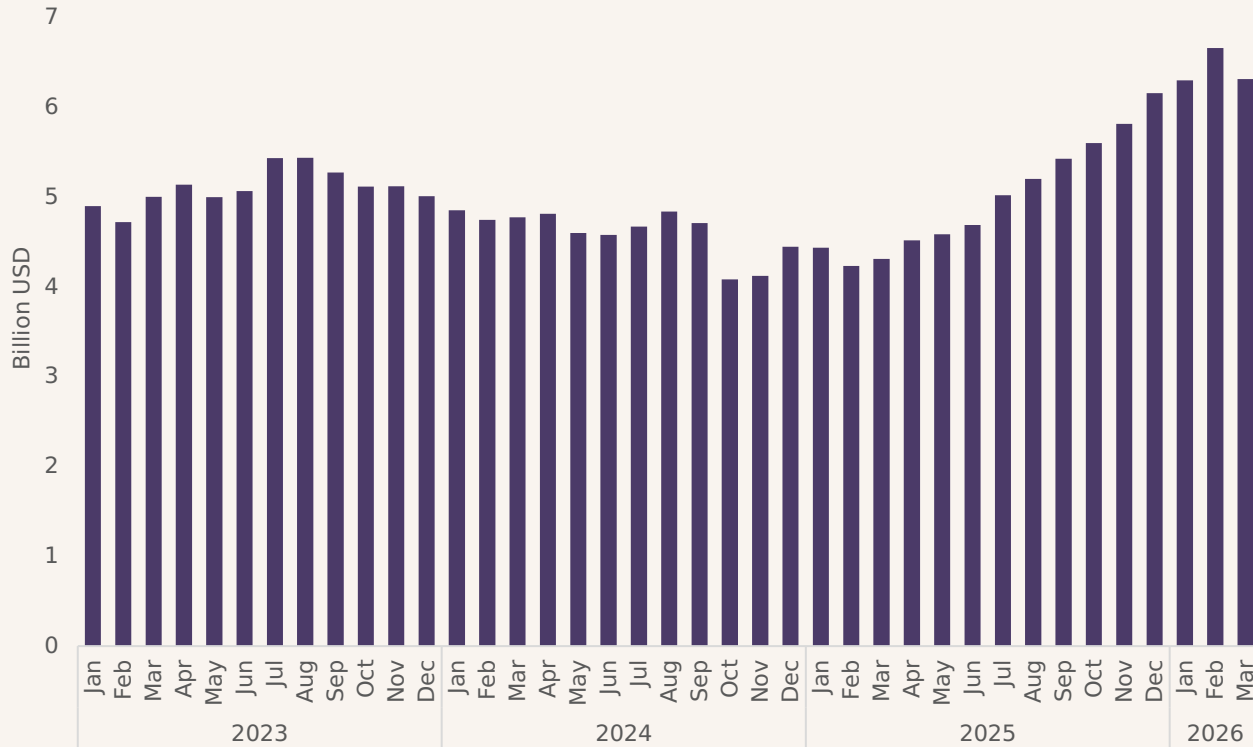
- inflationary territory, thereby adding to headline inflation.
- **Food inflation** remained persistently elevated, driven by external shocks such as higher global food prices and supply-chain pressures. Notably, its contribution to overall inflation gradually declined over time, although it remained dominant.

* The absolute values below 0.2 are not labeled on the graph.

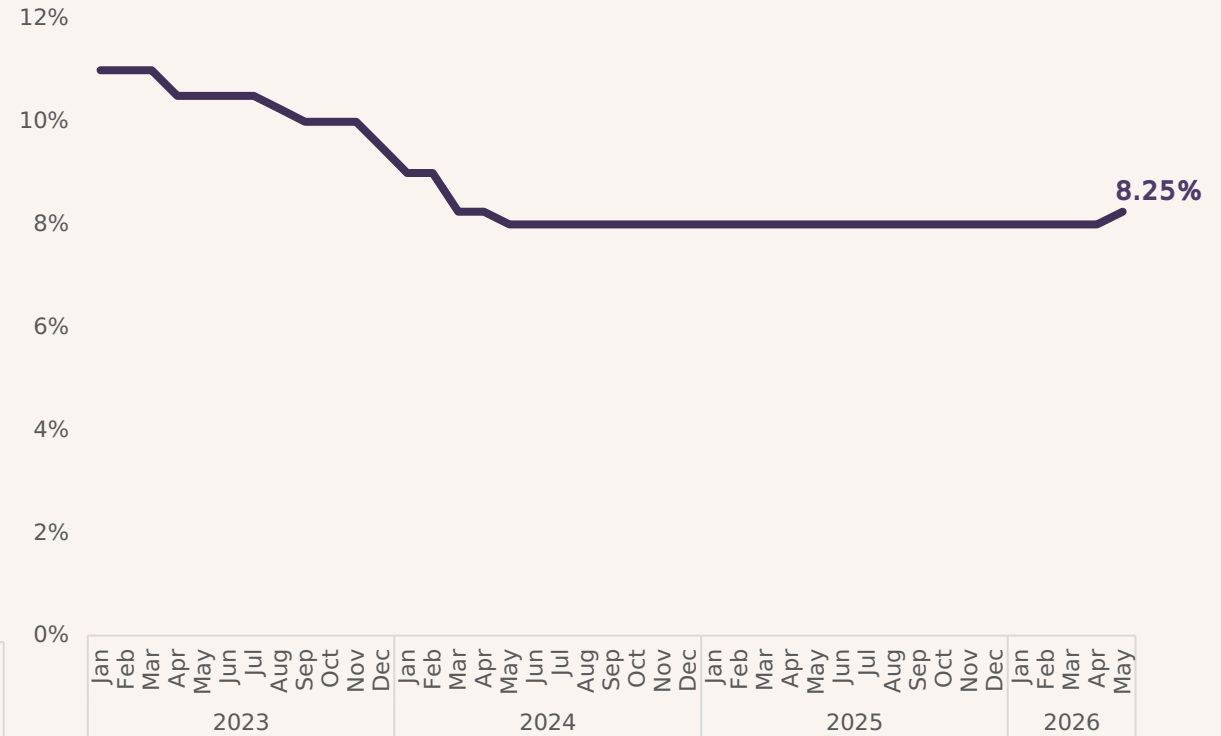


KEY MACROECONOMIC INDICATORS: RESERVES & MONETARY POLICY

Official Reserve Assets



Monetary policy interest rate



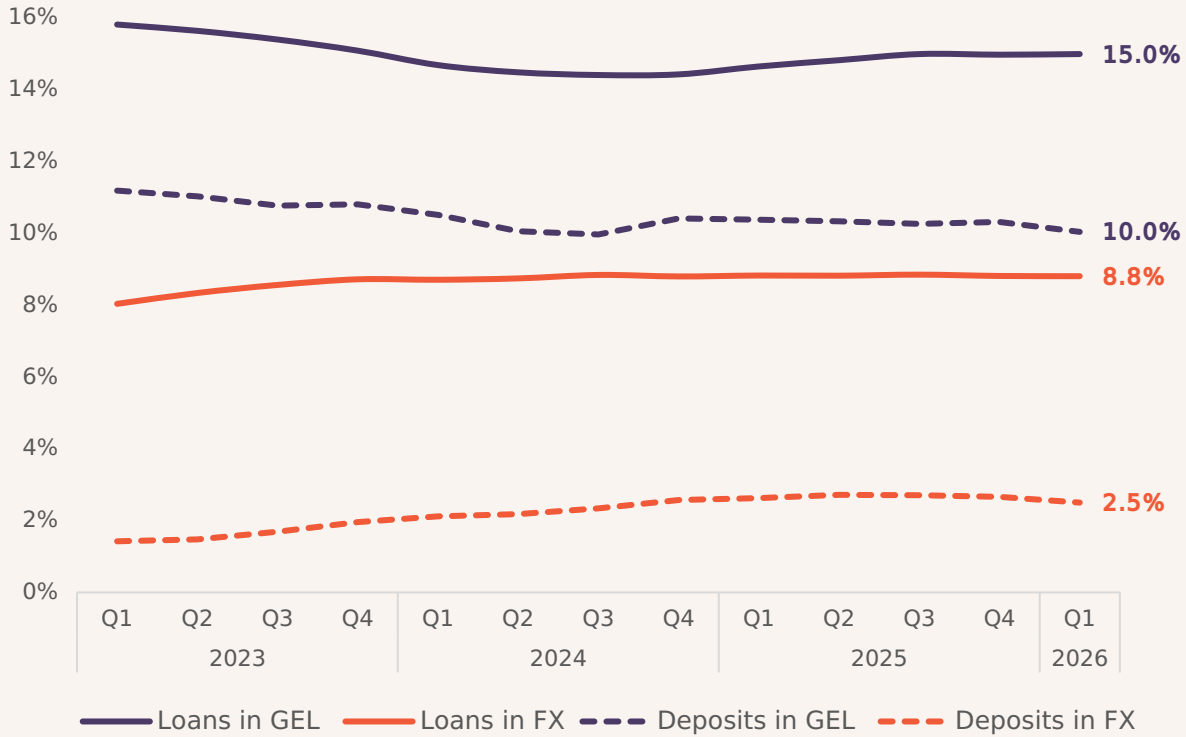
- The largest net FX purchase occurred in March 2026, when the National Bank of Georgia accumulated USD 429.3 million. As of April 2026, **official reserve assets** stood at USD 6.3 billion.

- In May 2026, the NBG increased the **monetary policy rate** by 0.25 pp to 8.25% amid elevated external supply-side risks, including higher global energy prices and geopolitical tensions.



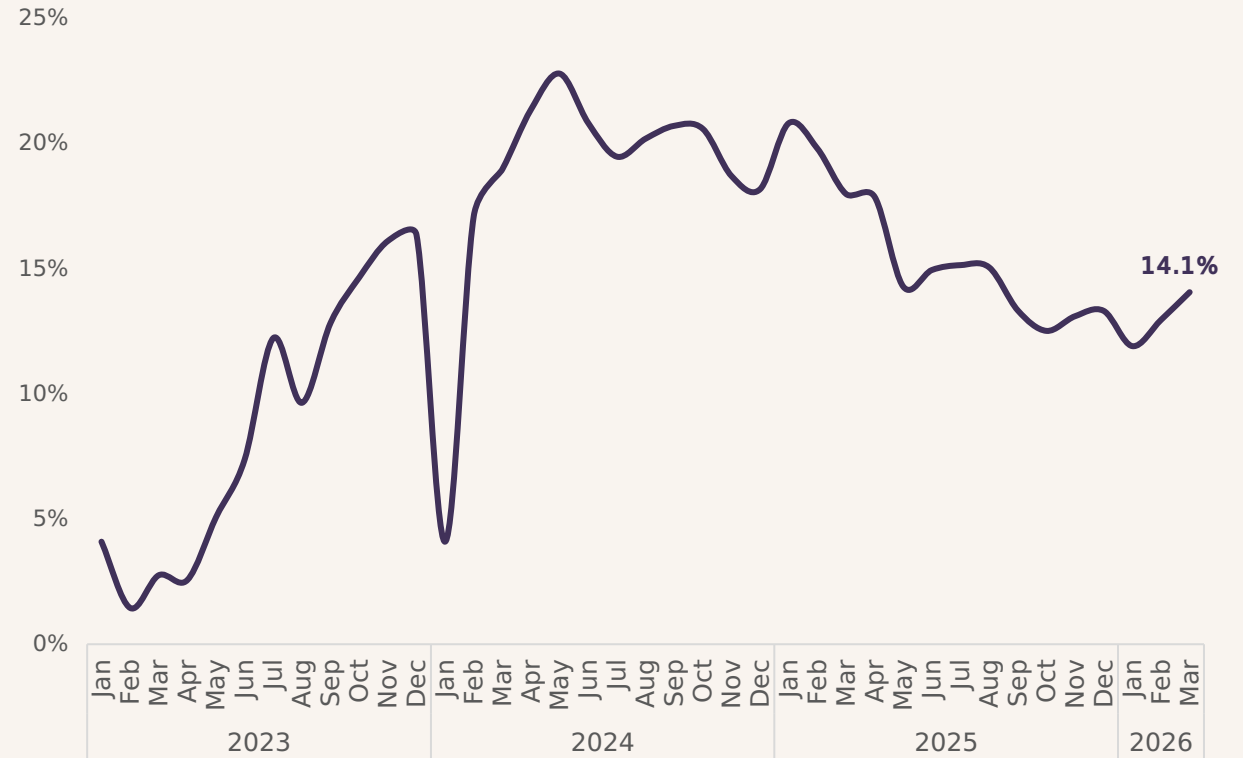
KEY MACROECONOMIC INDICATORS: INTEREST RATES

Interest rates



- By Q1 of 2026, interest rates on GEL loans increased to 15%, while FX loan rates remained stable and elevated at 8.8%. GEL deposit rates declined to 10%, while FX deposit rates, after increasing in previous periods, declined to 2.5%.

Private sector credit growth

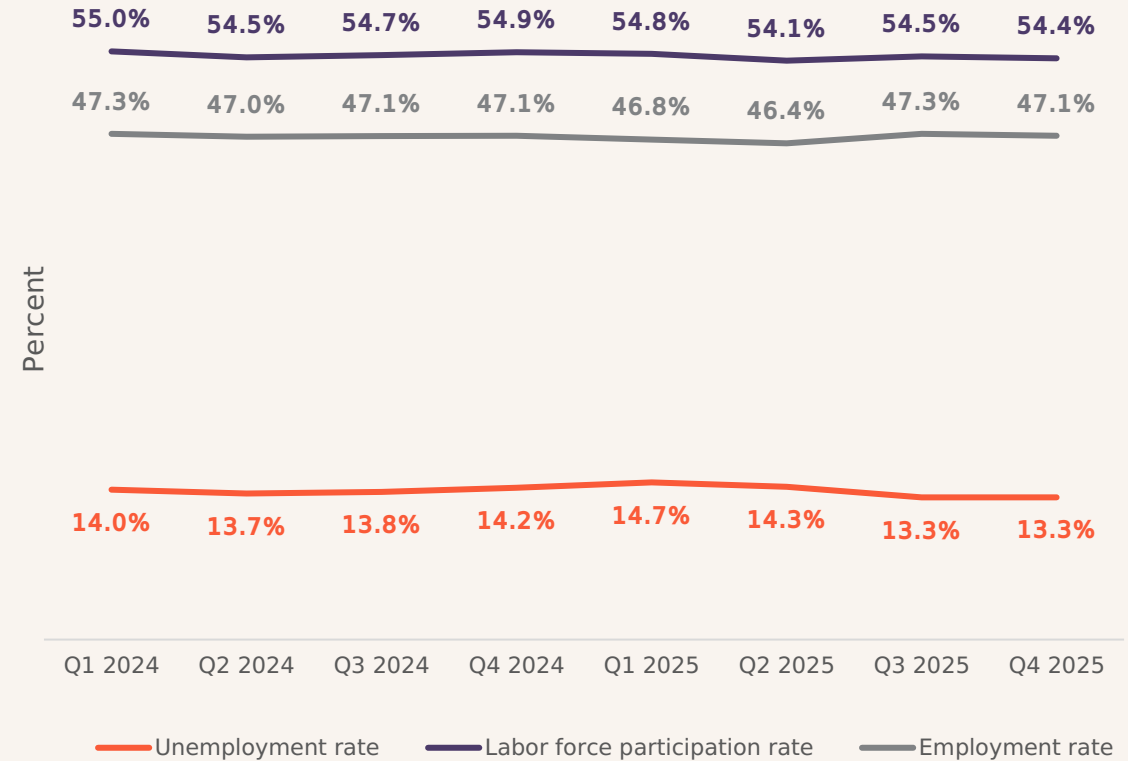
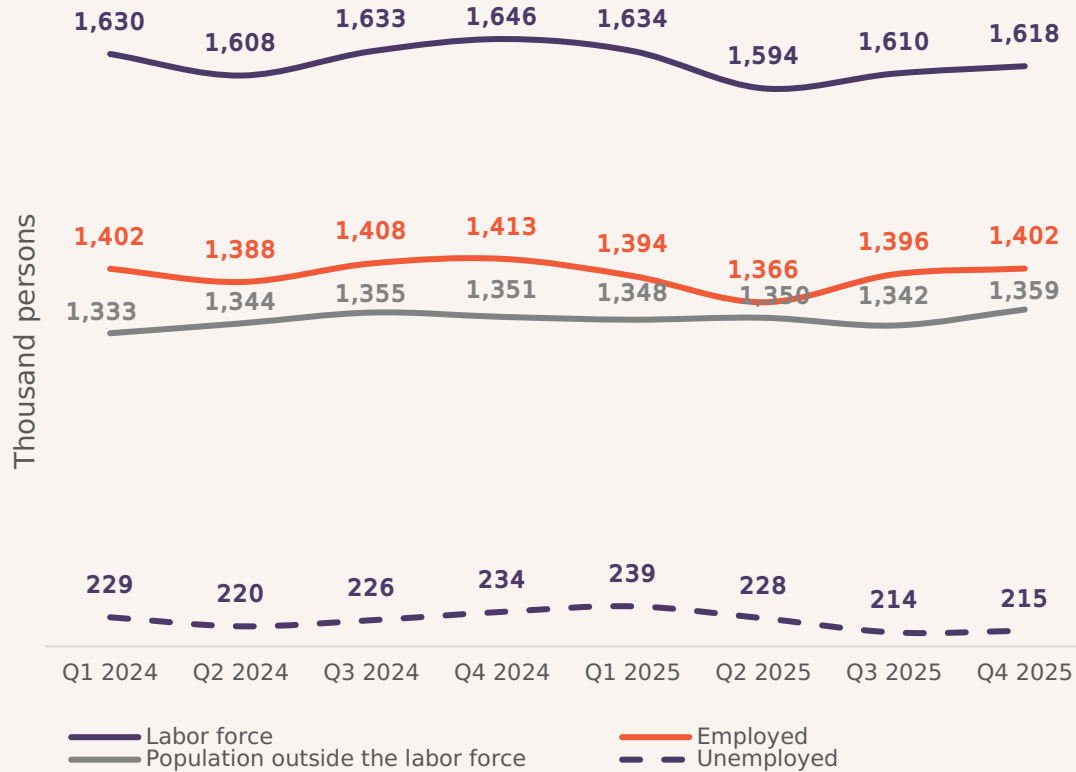


- Private sector credit growth gradually slowed. In 2025, it averaged 15.7%, which was 2.9 pp lower than in 2024. The slowdown continued in Q1 of 2026, with credit growth moderating from 15.7% to 13% compared to the same period of 2025.



LABOR MARKET: EMPLOYMENT

Labor market indicators

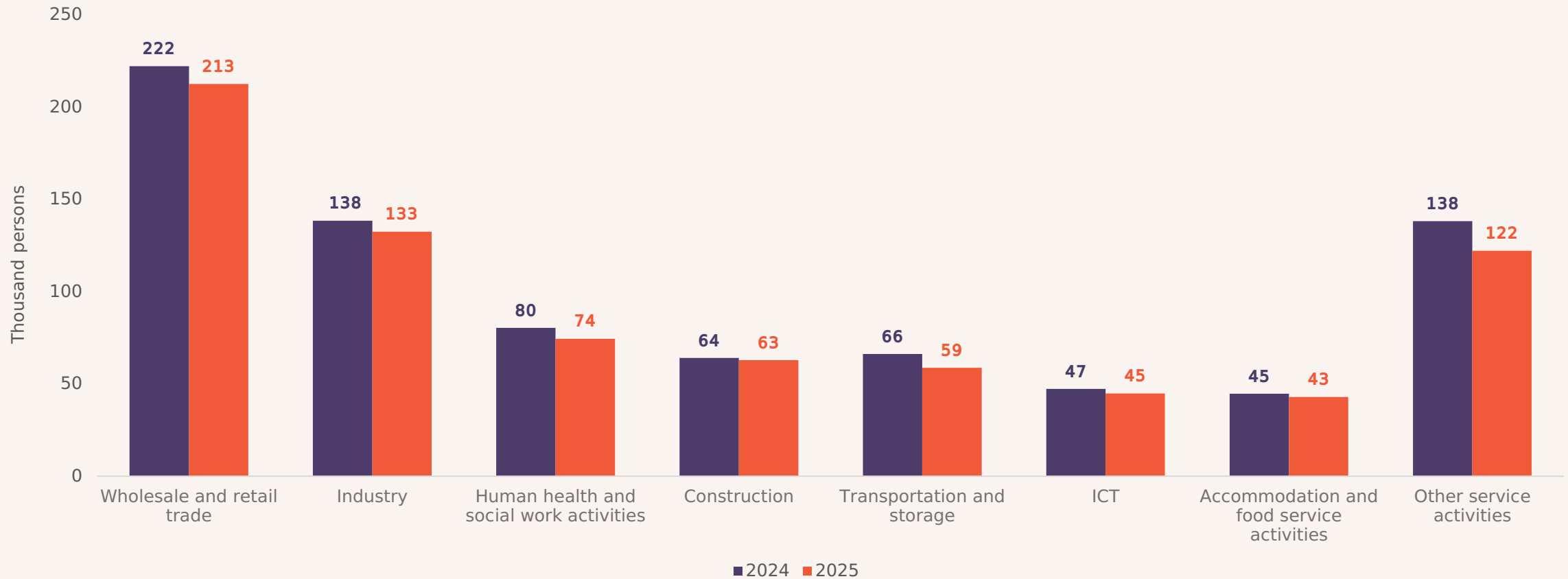


- In Q4 of 2025 compared to Q4 of 2024, the **labor force** fell by 1.8% and **employment** declined slightly by 0.7%, indicating a mild weakening in labor market conditions. Although **unemployment** dropped by 7.9%, this mainly reflects lower labor force participation rather than stronger job creation.

- Meanwhile, in Q4 of 2025, compared to Q4 of 2024, the **labor force participation rate** fell by 0.5 percentage points (pp) and the **unemployment rate** decreased by 0.9 pp, while the **employment rate** remained stable, indicating a possible withdrawal of individuals from the labor force.



Number Of Employees in Business Sector by Economic Activity*



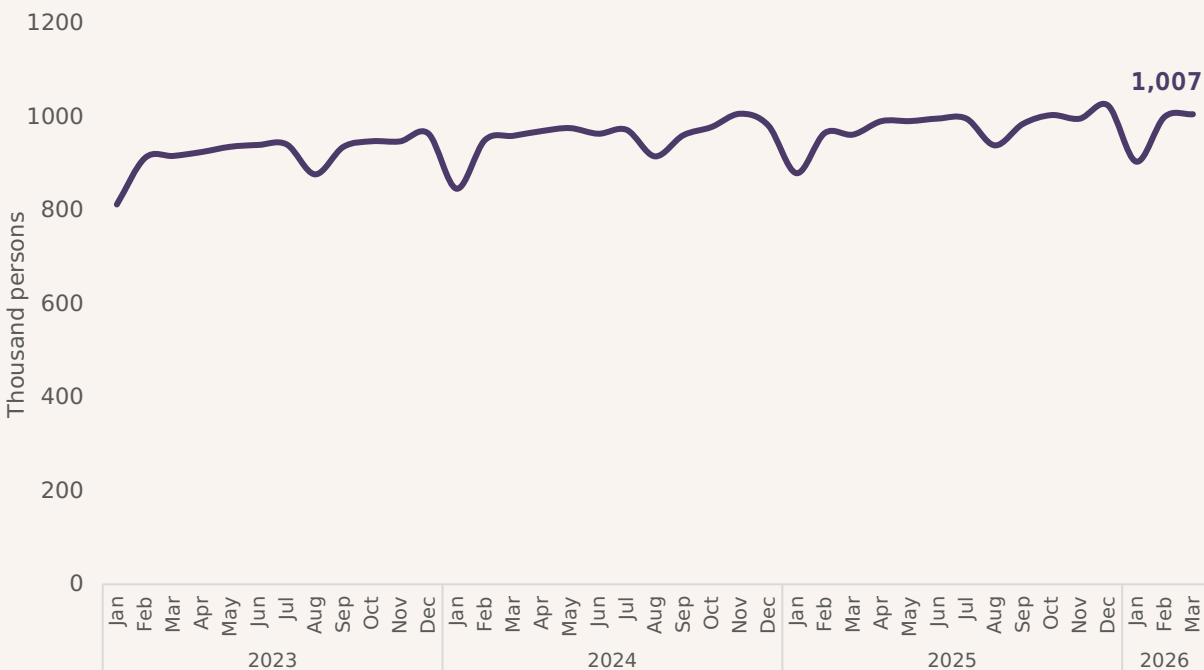
- In 2025, compared to 2024, the average number of employees in the business sectors in Georgia decreased by 50.4 thousand persons (-6.3%), reaching nearly 751 thousand persons.

* Employment data are based on the Statistical Survey of Enterprises. The 2025 figure is calculated as the average of quarterly values, while 2024 data are reported as annual averages by Geostat.

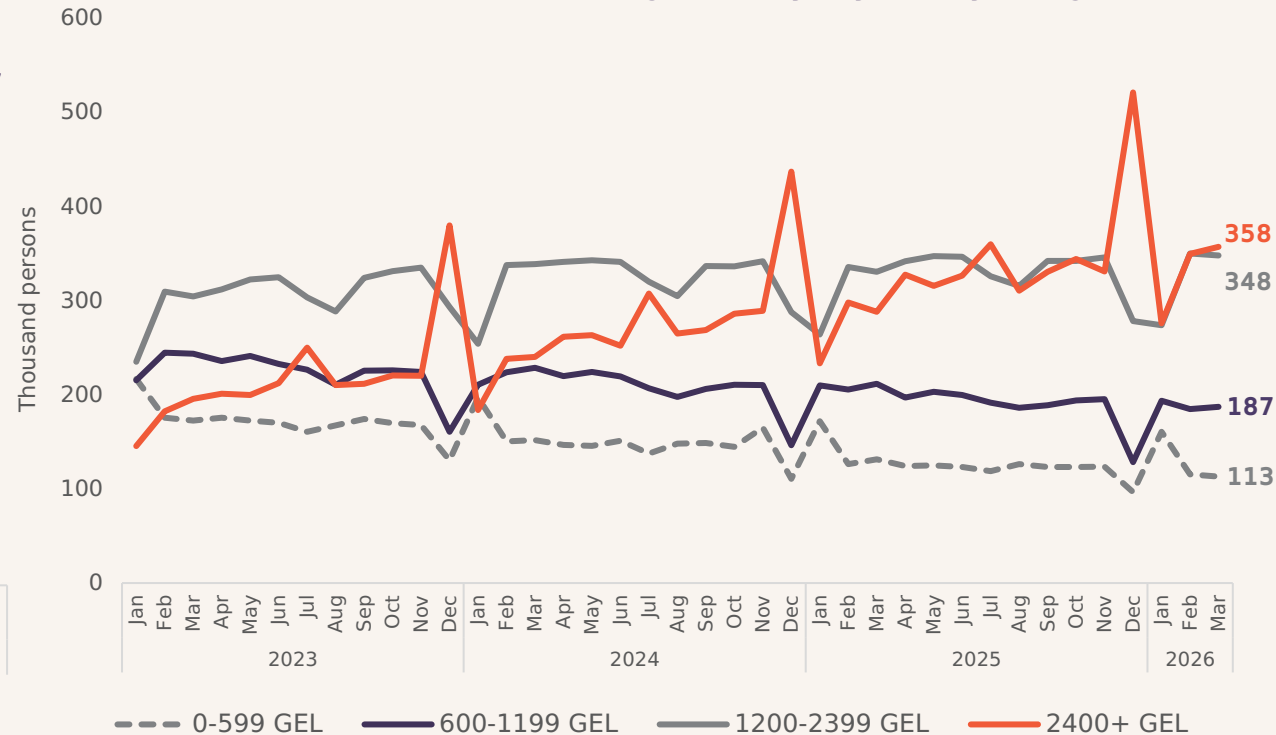


LABOR MARKET: SALARIES

Number of Persons Receiving a Salary



Number of Persons Receiving a Salary, by Salary Range*



- In 2025, the number of persons receiving a monthly salary increased by 2.2% YoY. In 2025, the growth in the number of salaried employees slowed by 1.7 pp compared to 2024. As of March 2026, the number of salaried employees reached 1,007 thousand (+4.5% YoY).

- In 2025, the share of employees earning GEL 0-1,200 declined to 33% of salaried employees (-5 pp YoY), while the share of employees earning GEL 2,400+ increased to 34% (+5 pp YoY). The GEL 1,200-2,399 bracket remained relatively unchanged. This structure remained broadly stable in Q1 of 2026.

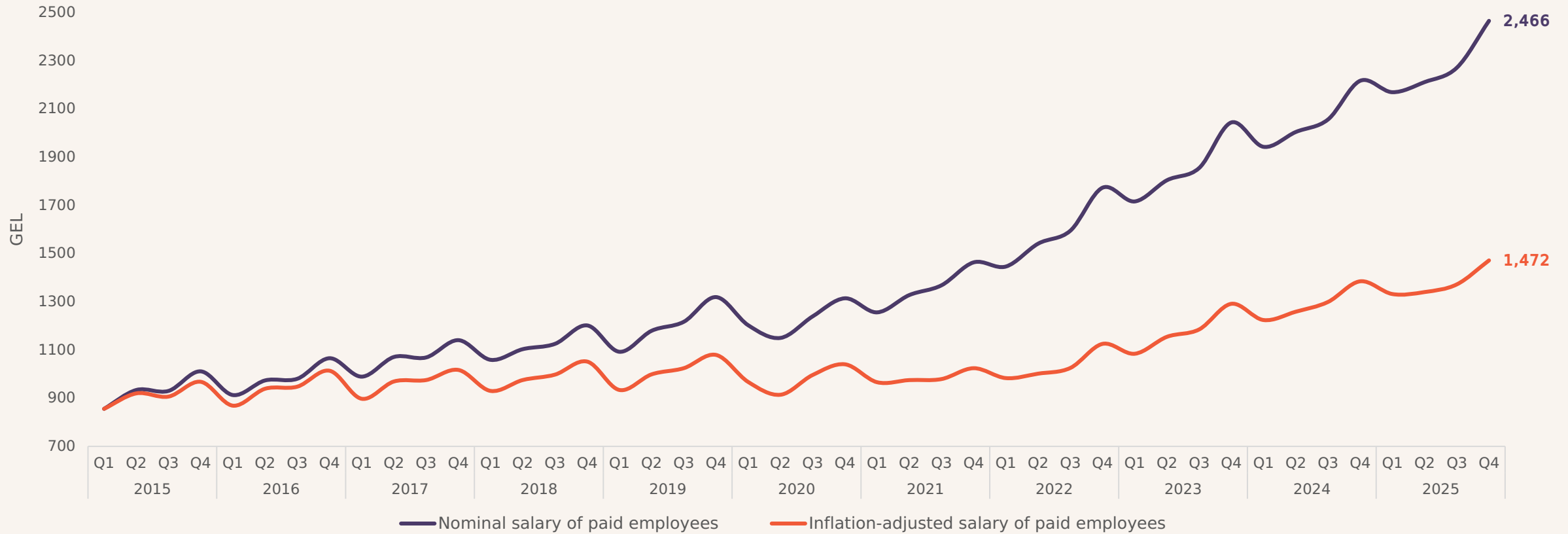
*The data provided by Revenue Service is not final and might slightly change. (Last viewed on 20.04.2026). The data represents gross salaries.

**The decrease of the share of 0-599 GEL and 600-1199 GEL categories in December was largely due to a notable number of people receiving the 13th salary.



LABOR MARKET: SALARIES

Nominal and inflation-adjusted salaries of paid workers, 2015-2025



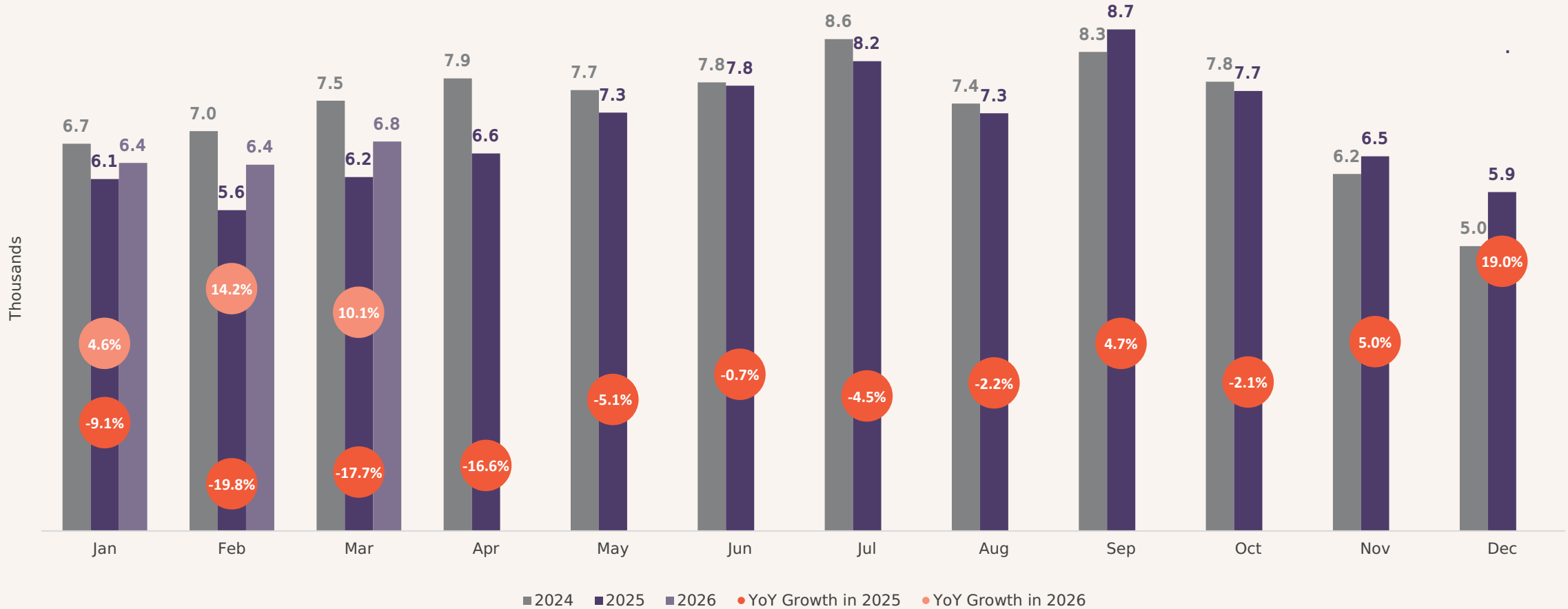
• Relative to the base level established in Q1 2015, **nominal salaries** increased by 188.1% in Q4 of 2025. However, when adjusted for inflation, the growth in **real salaries** was 72%.

• In Q4 of 2025, the real YoY salary growth rate was recorded at 6.3%, compared to 11.2% growth in nominal terms.



LABOR MARKET: VACANCIES

Number of Published Vacancies on Jobs.ge

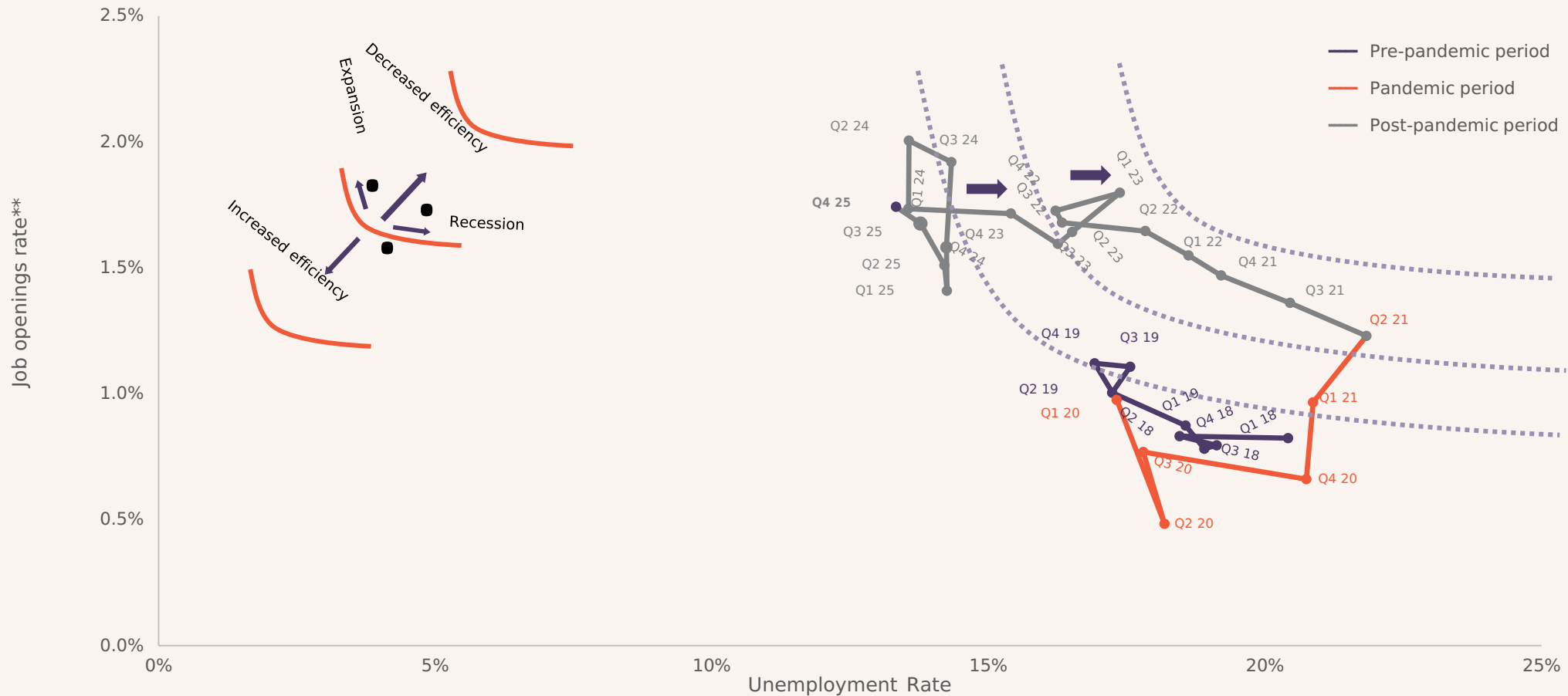


• In 2025, the number of **vacancies** declined by 4.1% YoY, following a 4.3% increase in 2024.

• Meanwhile, vacancies rose in Q1 of 2026, recording an average YoY growth rate of 9.6%, mainly due to a low base effect.



LABOR MARKET: BEVERIDGE CURVE*



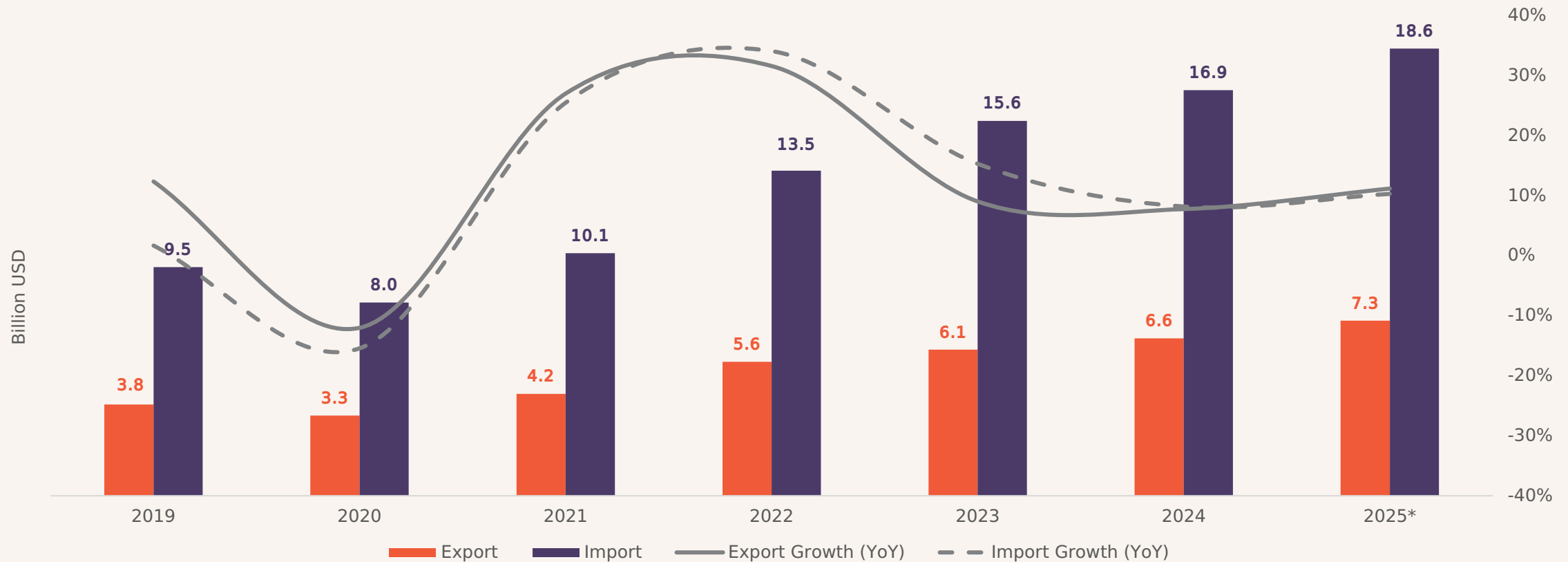
- According to the seasonally adjusted **Beveridge Curve**, in Q4 of 2025, compared to Q3 of 2025, **the labor market efficiency improved slightly**, as the job openings rate rose marginally and

the unemployment rate decreased. The inward movement of the Beveridge Curve indicates that the matching efficiency increased.

* The Beveridge curve – Employment Tracker



Georgia's Imports and Exports and Growth Rates YoY



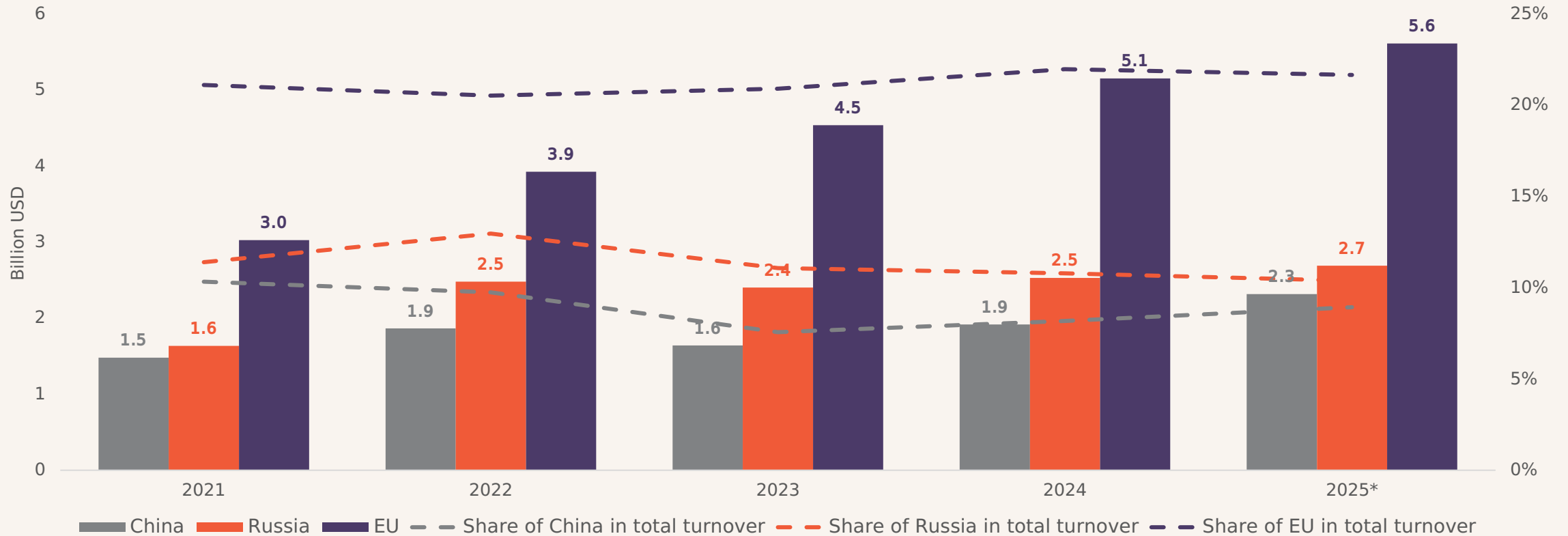
- In 2025, compared to 2024, Georgia's **trade turnover** increased by 10.5%, driven by a 10.3% rise in imports and an 11.2% increase in exports. Over the same period, the **trade deficit** in Georgia increased by 9.7% and reached USD 11.3 billion.

- The growth of total exports was driven almost equally by domestic exports (51.1%) and re-exports (49.9%).
- In 2026, the MoF projects exports to increase by 12%, while imports are expected to grow by 10.5%.

* Preliminary data



Georgia's External Trade Turnover With China, Russia, and the EU



• In 2025, compared to 2024, Georgia's **trade turnover** increased with China (+20.8%), with the EU (+8.7%) and Russia (+6.3%).

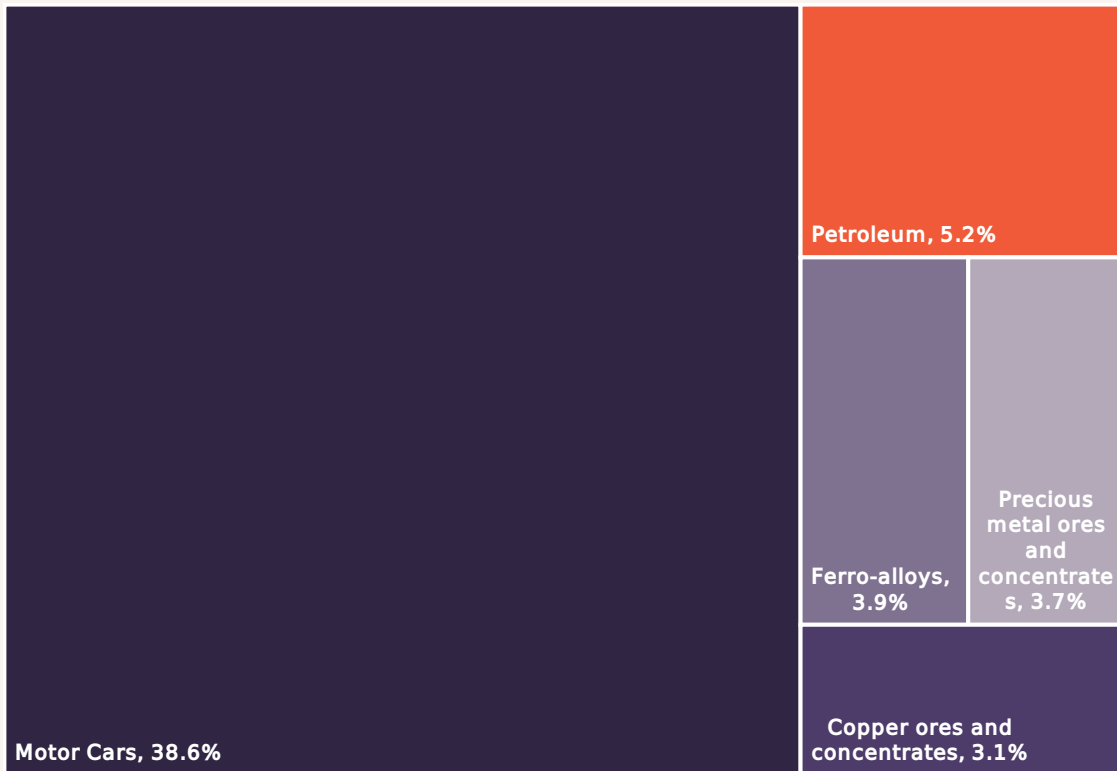
• In 2025, compared to 2024, the share of China (+0.8 pp) in international trade increased, while the share of Russia (-0.4 pp) and the share of the EU (-0.3 pp) decreased.

* Preliminary data

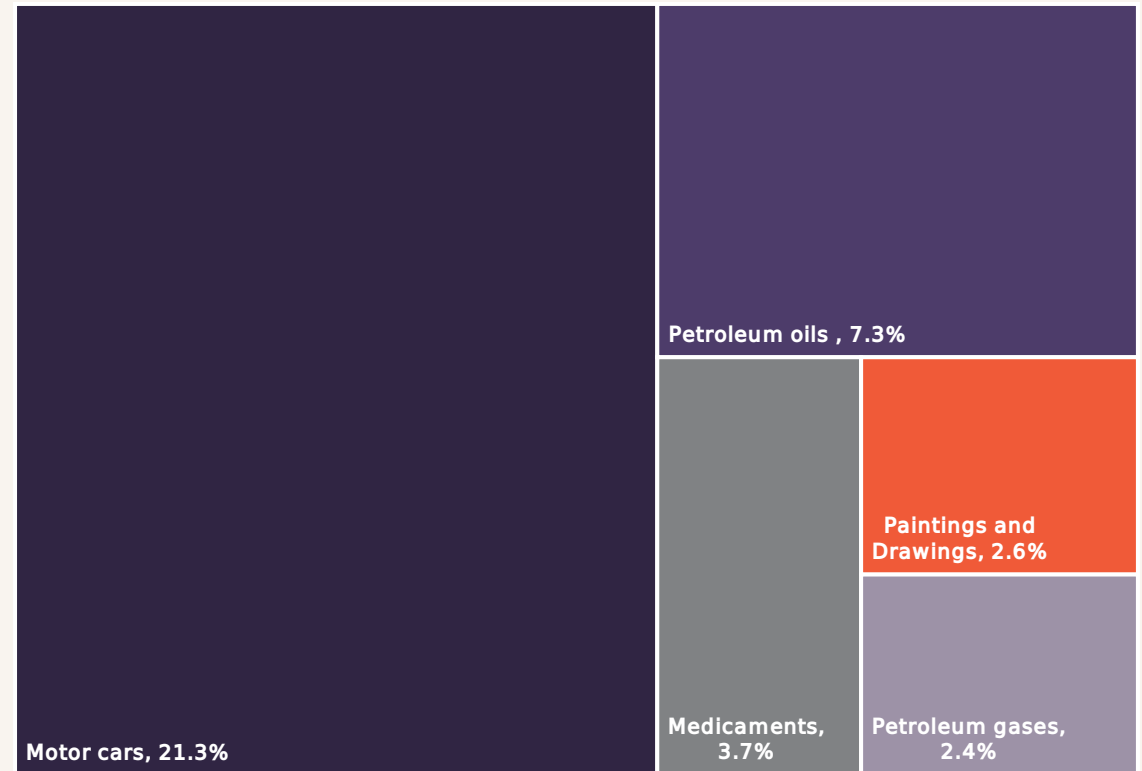


EXTERNAL SECTOR: EXPORT AND IMPORT

Share of Major Commodity Positions by Exports (2025*)



Share of Major Commodity Positions by Imports (2025*)



- In 2025, **motor cars** (USD 2.8 billion) remained the leading **export** commodity, while the share of **precious metal ores and concentrates** (USD 378.9 million) increased significantly (+59.5% YoY). In Q1 of 2026, the share of precious metal ores and concentrates increased further, accounting for 9.9% of total exports.

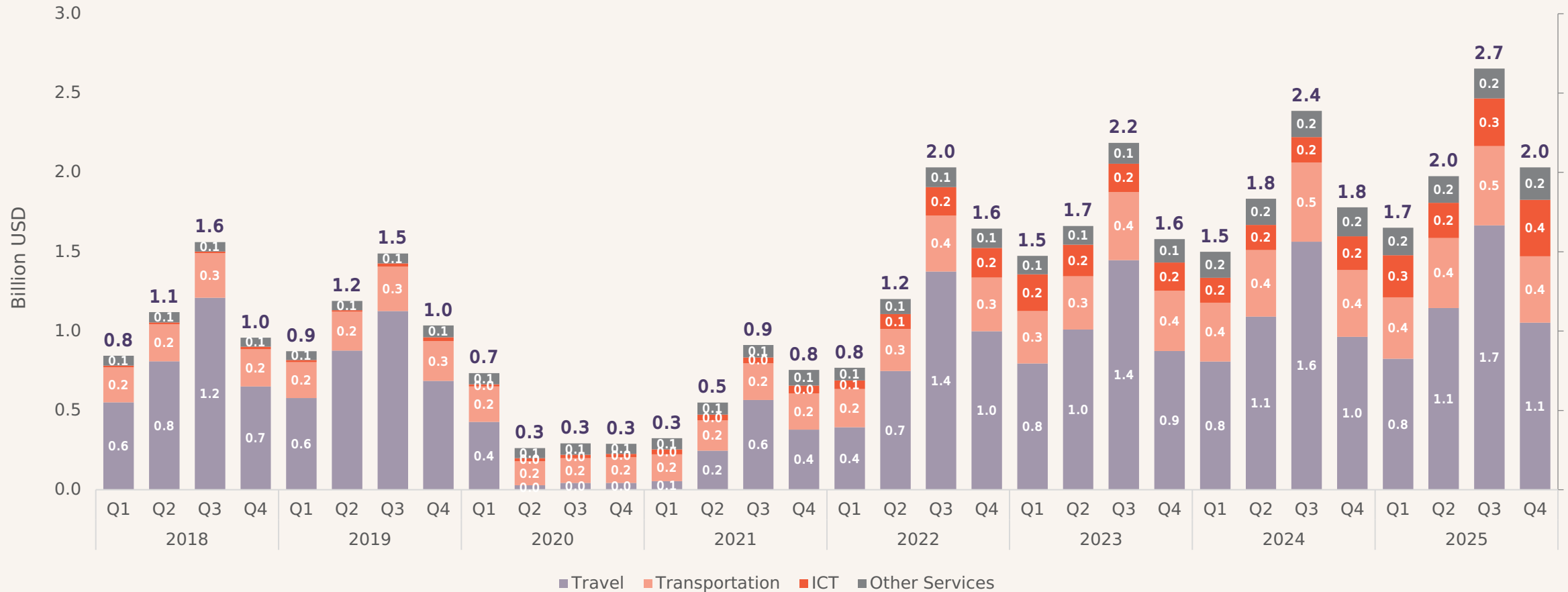
- On the **imports** side, **motor cars** (USD 4 billion) also maintained the leading position (21.3%) in 2025, reflecting Georgia's role as a regional re-export hub. In Q1 of 2026, motor cars remained the leading import category (16.5%), while petroleum products collectively accounted for 15.9% of imports.

* Preliminary data



EXTERNAL SECTOR: EXPORT OF SERVICES

Export of Services (Q1 2018 - Q4 2025)



- In 2025, **export of services** increased by 10.8% YoY, surpassing USD 8.3 billion.

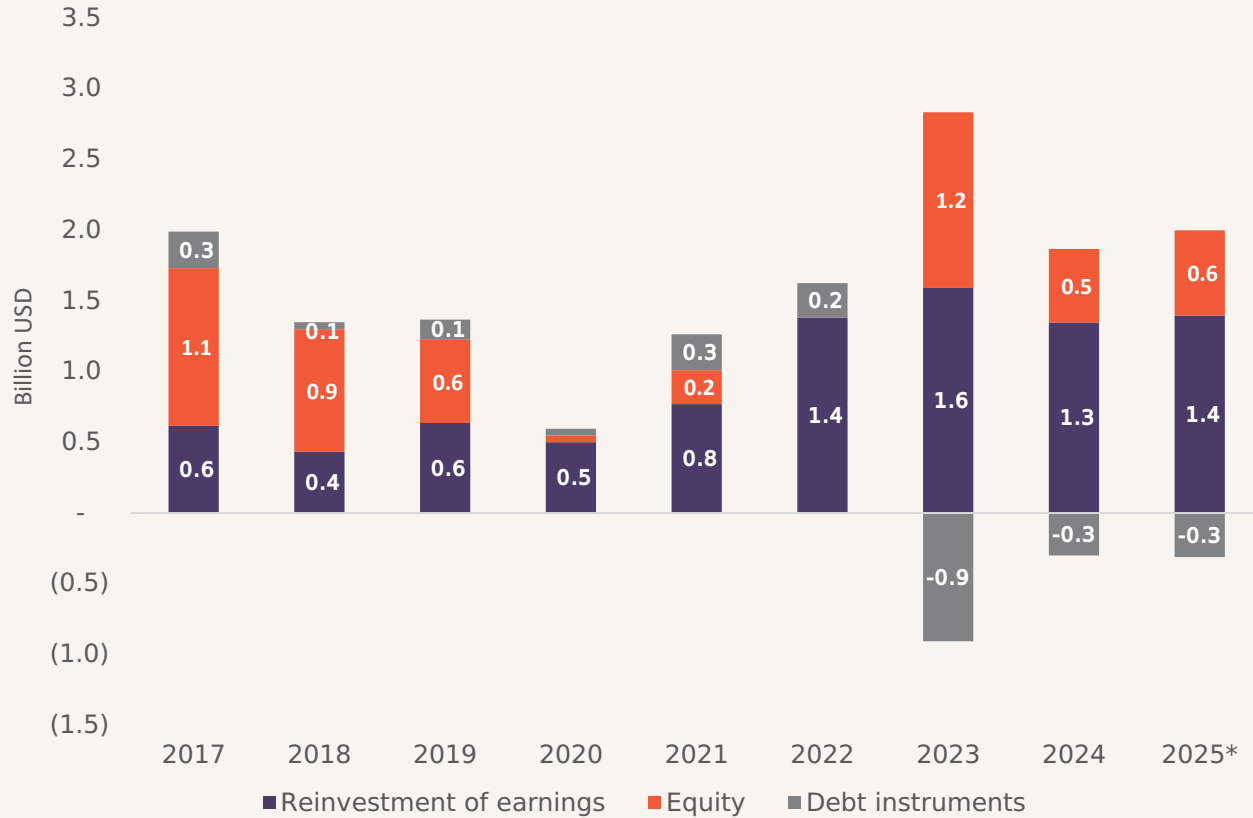
- The growth was largely driven by **ICT services**, which increased by 66.8% YoY in 2025 and now account for 13.8% of total service exports.

* The absolute values below 0.1 are not labeled on the graph.

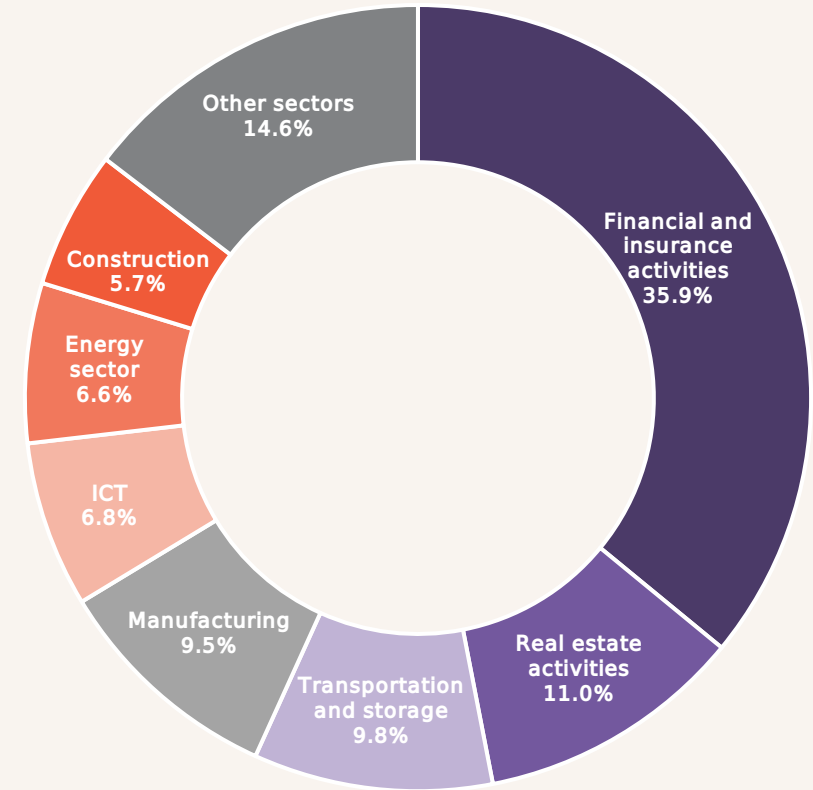


EXTERNAL SECTOR: FOREIGN DIRECT INVESTMENTS

Foreign Direct Investment by components



FDI in 2025* by sectors



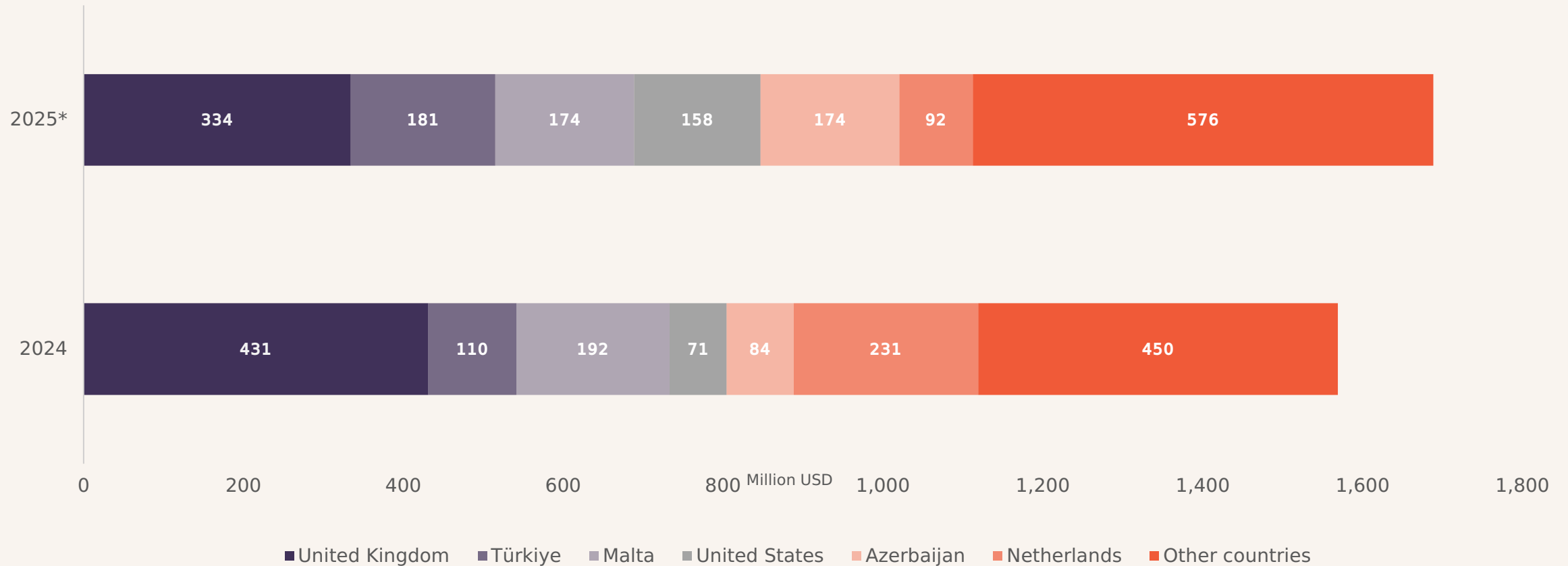
- In 2025, **net FDI inflows** into Georgia reached USD 1.7 billion, marking a 7.6% YoY increase. Most FDI went to the **financial sector** (US\$ 607 million), followed by the **real estate sector** (US\$ 186 million).

- Reinvested profits** represent the largest component of FDI, accounting for 82.8% of total FDI in 2025.

* Preliminary data



Foreign Direct Investment by Countries



• In 2025, the United Kingdom was the largest source of FDI to Georgia, with USD 334.2 million in FDI, although this represented a 22.5% decrease compared to 2024.

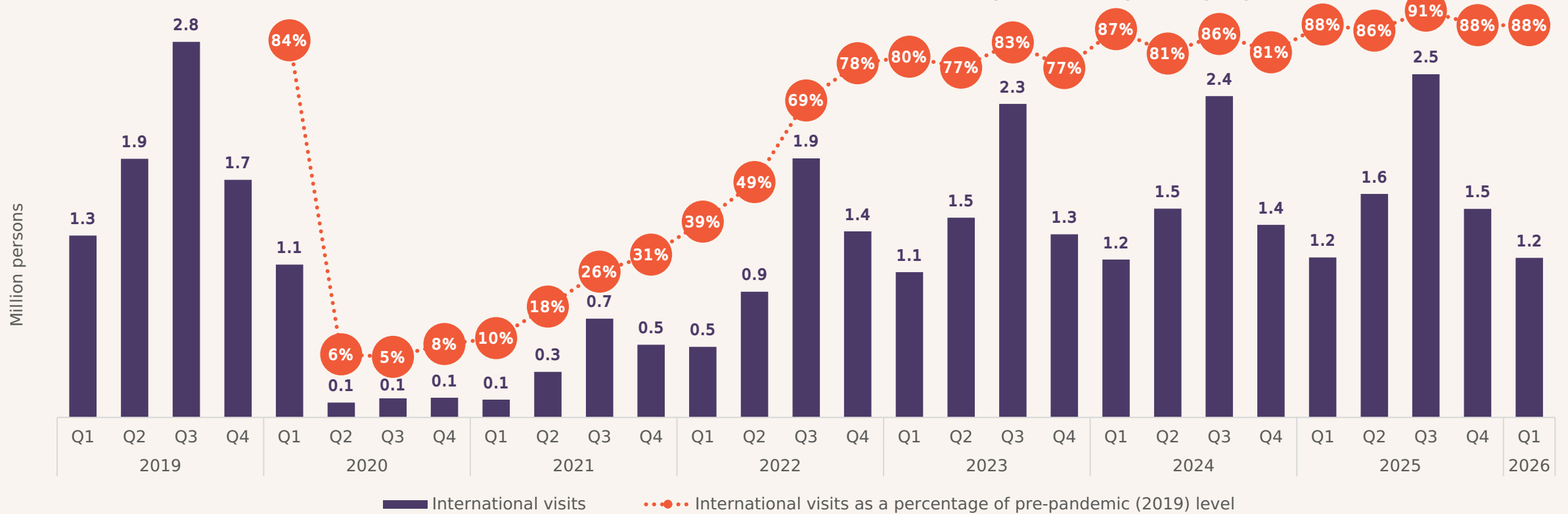
• In 2025, Turkey was the second-leading investor country to Georgia, with FDI of USD 180.8 million, reflecting a 64% increase compared to 2024.

* Preliminary data



EXTERNAL SECTOR: TOURISM

Total Number of International Visitors and Those Visits as a Percentage of Corresponding Figure in 2019



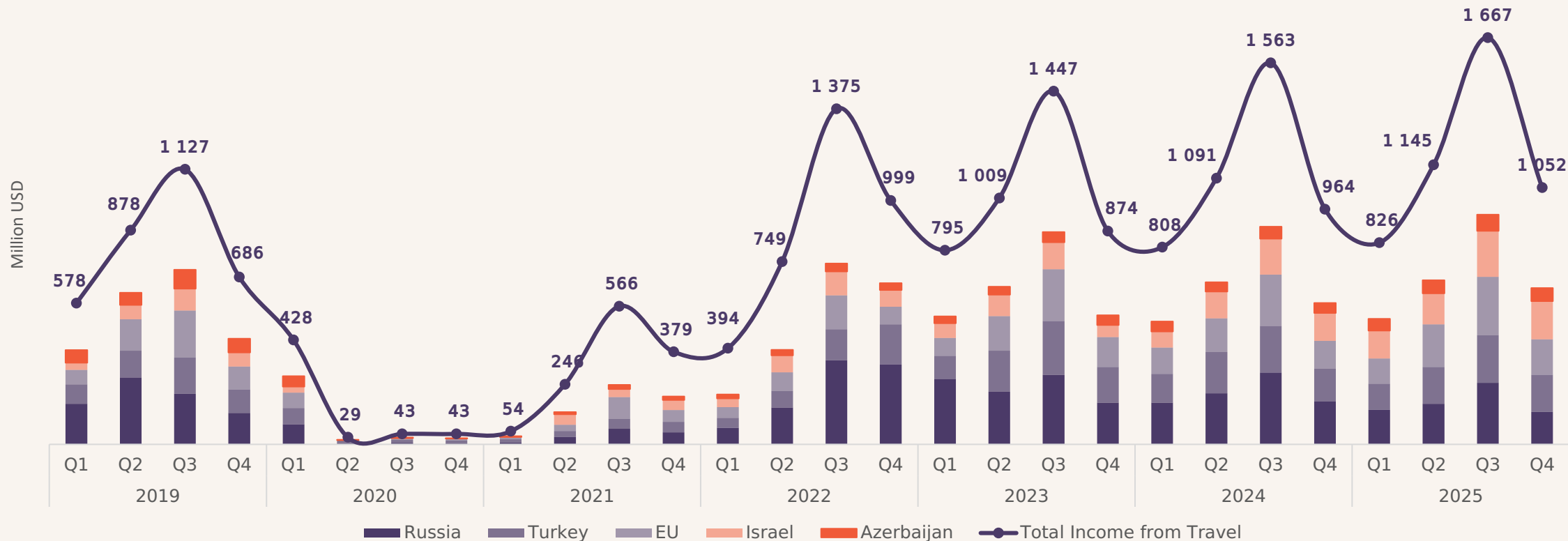
- In 2025, compared to 2024, international visits increased by 6.2% YoY. In terms of visit types, **overnight visits** increased by 8.4% and **same-day trips** decreased by 2.2%.
- In Q1 of 2026, the **number of international visits** to Georgia* reached 87.8% of the figures recorded in 2019, indicating that pre-pandemic levels have not been fully recovered.

- In Q1 of 2026, compared to the corresponding period of 2025, international visits decreased slightly by 0.2%, and by 22.3% compared to the previous quarter.

* Individuals who have not yet left Georgia are not included in the statistics.



Total income from international travel by countries



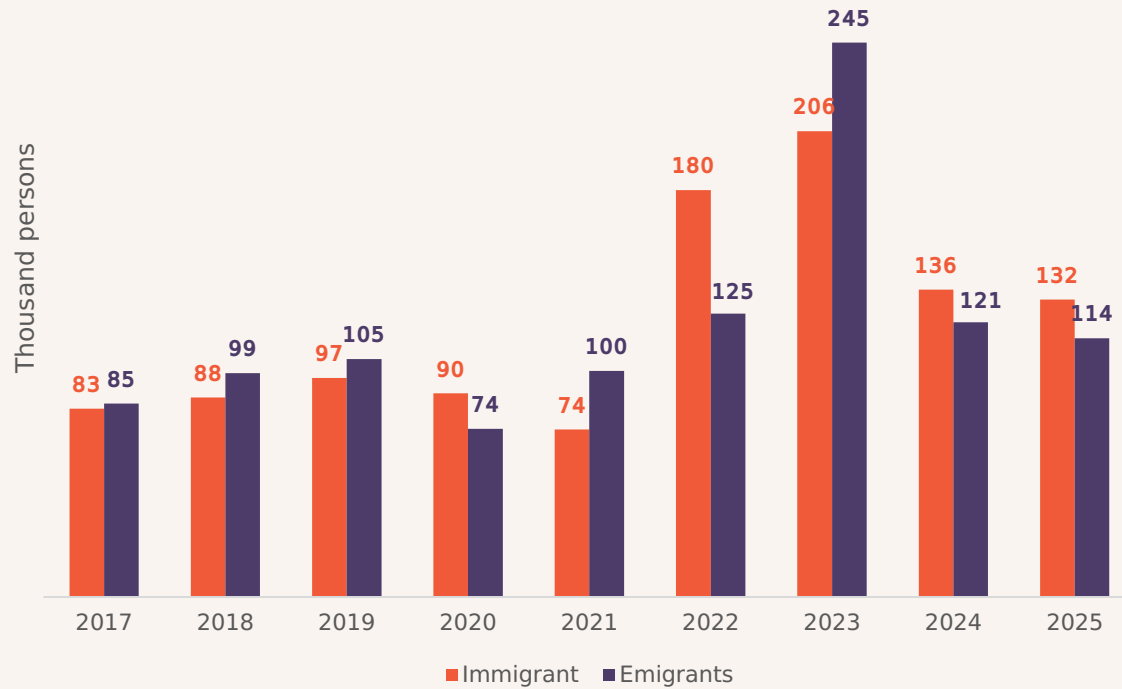
• In 2025, the total **income from international travel*** amounted to US\$ 4.7 billion, marking an increase of 6% compared to 2024 and 43.5% compared to 2019.

• In 2025, the average shares of income from visitors from **Russia** amounted to 14.8% (-4.4 pp, YoY), while it was 14.1% for visitors from the **EU** (+1.2 pp, YoY).

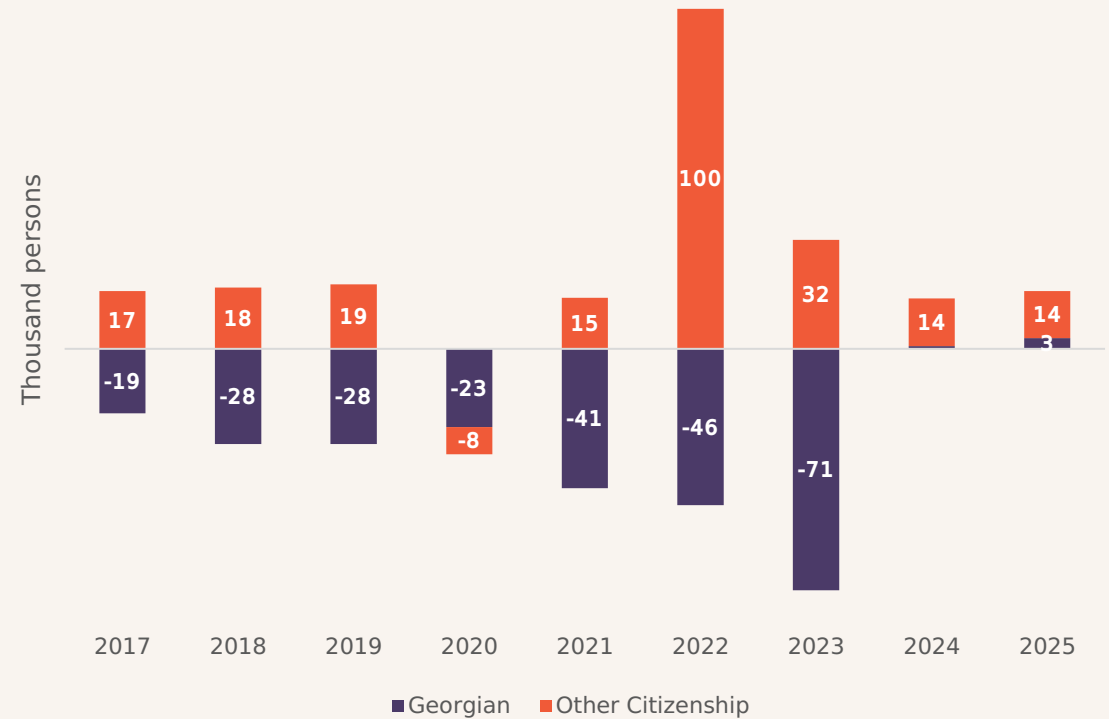
* Individuals projected to reside in Georgia for a duration of 1 year or longer, or who have the intention to stay beyond 1 year, are not categorized as visitors.



Migration from and to Georgia



Net Migration Rate of Georgian and Other Citizens

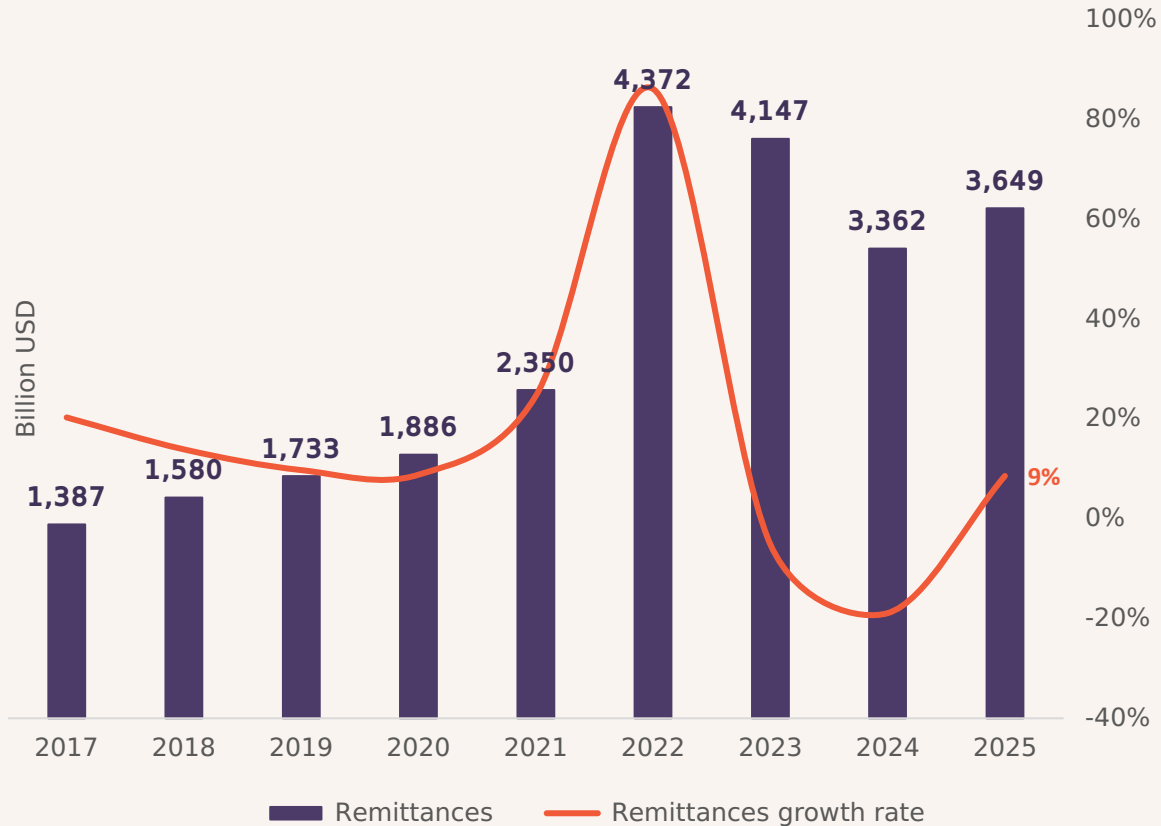


- In 2025, Georgia saw a decline in both emigrants (-5.8%) and immigrants (-3.2%), resulting in a 19.1% YoY increase in **net migration**.

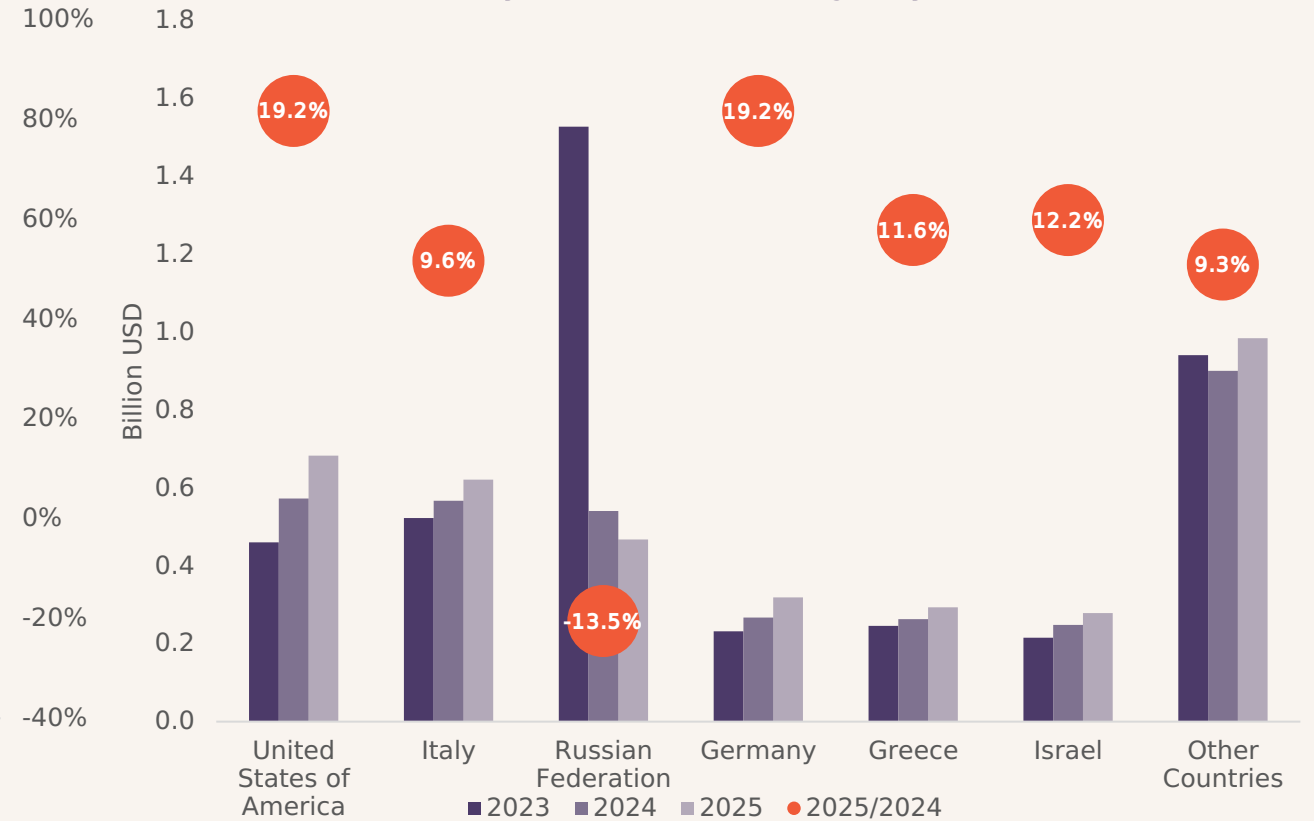
- During this period, net migration was positive for both Georgian citizens and foreign nationals, as 3.2 thousand more Georgians and 13.8 thousand more foreign nationals entered the country than left.



Money Transfers to Georgia



Money Transfers to Georgia by Countries



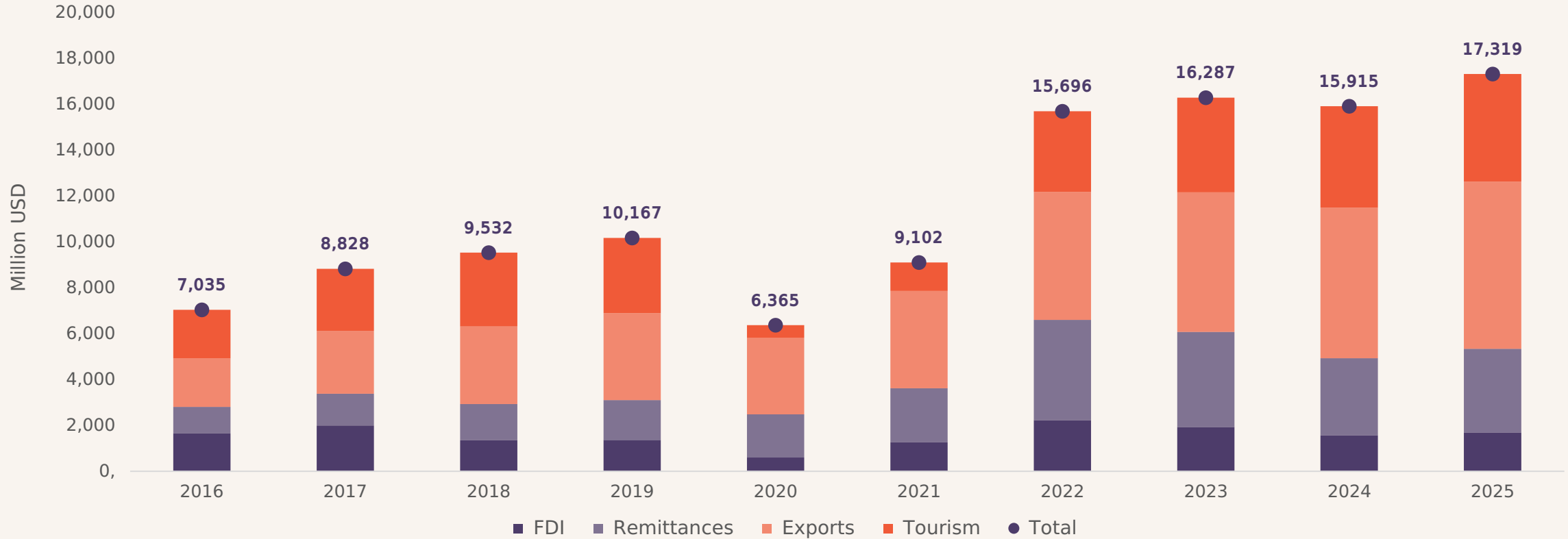
- In 2025, **total money transfers** increased modestly by 8.6% YoY, largely due to a high base effect from Russia in 2022-2023 amid the Russian invasion of Ukraine, while transfers from other countries rose by 12.8% YoY.

- In 2025, the highest annual growth in money transfers was recorded from **Germany** (+19.2%) and **the USA** (+19.2%), followed by **Israel** (+12.2%). During this period, money transfers from Russia decreased by 13.5%.

* Preliminary data



Foreign Exchange Inflows in Georgia

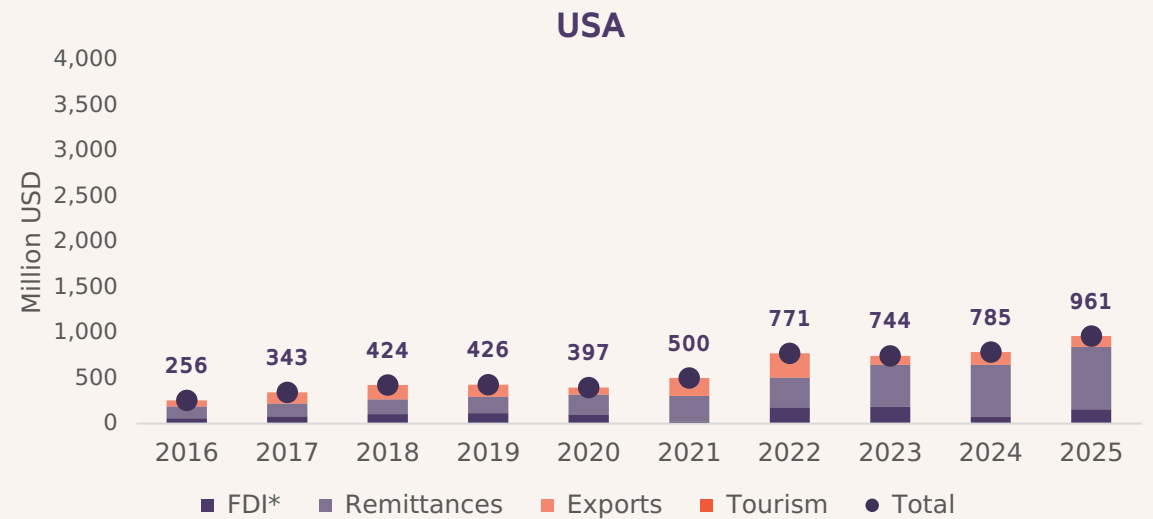
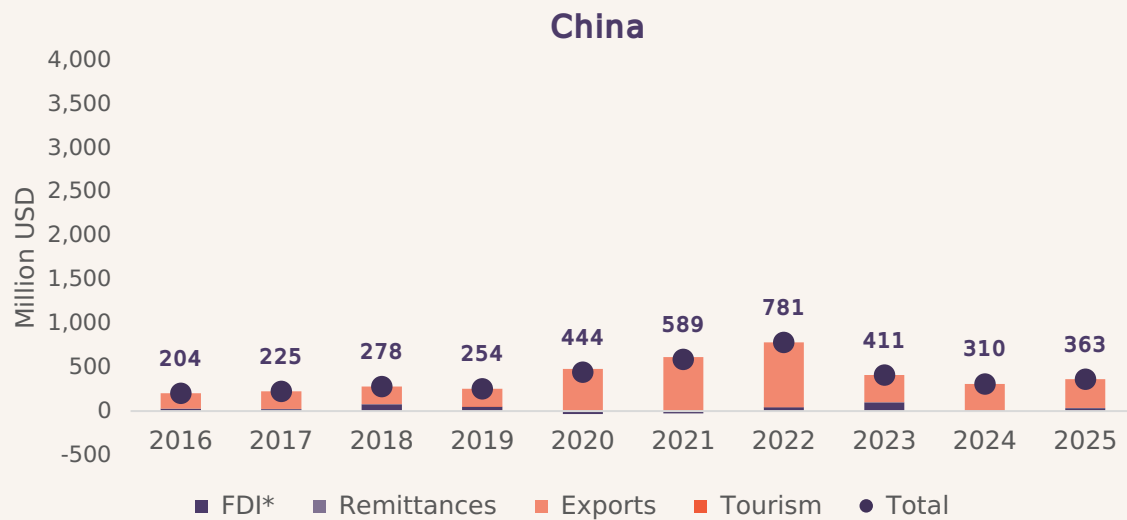
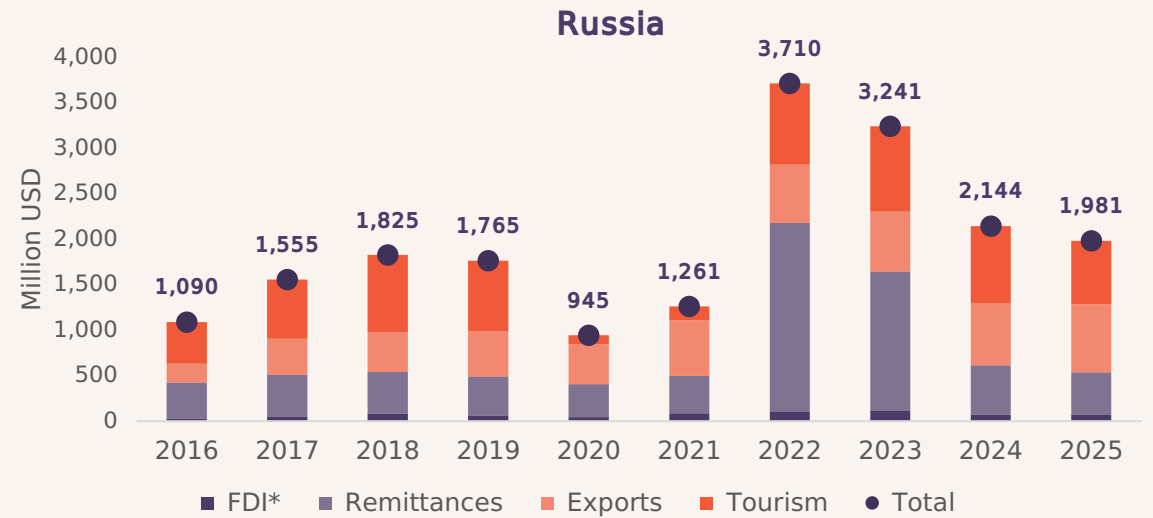
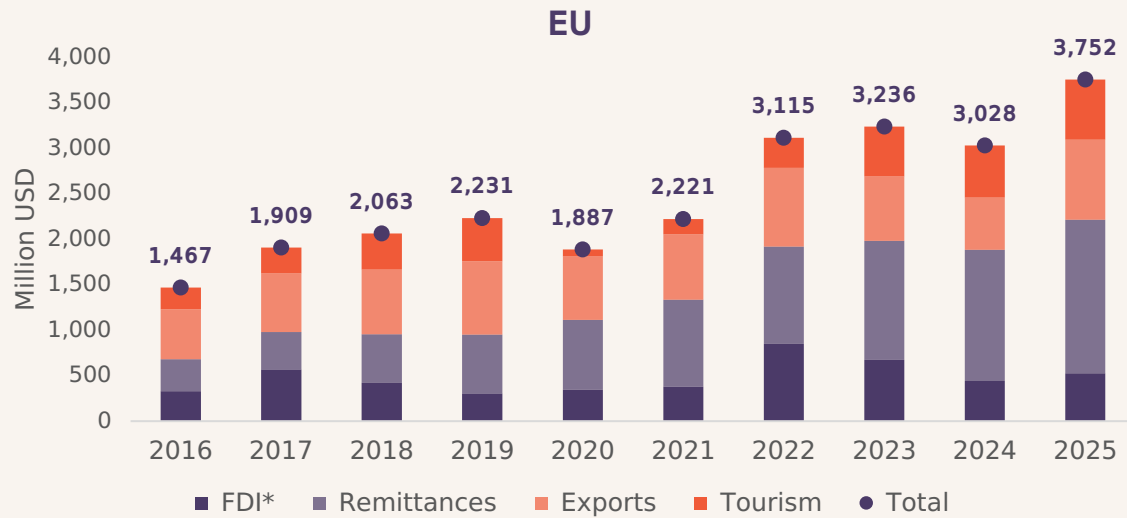


• In 2025, total **foreign exchange inflows** amounted to US\$ 17.3 billion, which is an 8.8% increase compared to 2024.

• All major sources of foreign exchange increased YoY in 2025: Exports (+11.2%), remittances (+8.6%), FDI (+7.6%), and international tourism income (+6%).



EXTERNAL SECTOR: FOREIGN EXCHANGE INFLOWS



* Data on income from international travel is not available for China and the USA due to the relatively small scale of such revenue from these countries.



Global economic growth

- Global economic growth is projected to moderate as world output slows from 3.4% in 2025 to 3.1% in 2026. This downward revision for 2026 reflects the disruptions caused by the outbreak of war in the Middle East and remains below the historical average.
- Advanced economies are expected to grow by 1.8% in 2026, following a 1.9% growth rate in 2025. While growth in the United States remains solid at 2.3%, the Euro area is expected to slow to 1.1% in 2026.
- Emerging market and developing economies are forecast to grow by 3.9% in 2026, down from 4.4% in 2025. China's growth is projected to moderate to 4.4%, while India remains the fastest-growing major economy despite slowing from 7.6% in 2025 to 6.5% in 2026.
- Global inflation is projected to pause its decline, increasing from 4.1% in 2025 to 4.4% in 2026. This reflects higher energy and food prices induced by recent geopolitical shocks and disruptions in commodity markets

International policy and global economic flows

- International migration and labor flows continue to face challenges from tighter policy frameworks. In the United States, strong activity has been accompanied by low employment growth amid declining labor force growth in 2026.
- Official development assistance to low-income countries faces significant pressure. Net transfers have recently turned negative in some regions as major donor countries implemented budget cuts and reduced assistance levels.
- Recent trade policy projections incorporate a US effective statutory tariff rate of 13.5%. While some earlier escalations have eased, trade-related disputes and geopolitical uncertainty continue to limit long-term investment.
- World trade volume growth is forecast to decline sharply to 2.8% in 2026, down from 5.1% in 2025. This reflects the impact of higher trade barriers, geoeconomic fragmentation, and the ongoing reconfiguration of global supply chains.

- The escalation of conflict in the Middle East in early 2026 has increased uncertainty in global energy markets, contributing to higher price volatility and supply-chain disruptions.
- The ongoing Russian invasion of Ukraine continues to weigh on the global outlook by sustaining volatility in energy and commodity markets, particularly in Europe.
- Rare earth supply chains remain an important source of global trade tensions. Following China's 2025 export restrictions, countries have accelerated de-risking efforts to strengthen supply-chain resilience.



DISCLAIMER

The PUBLICATIONS presented on the website are prepared by Policy and Management Consulting Group (PMCG) only for informational and/or marketing purposes. Nothing in the PUBLICATIONS constitute, or is meant to constitute, advice of any kind, and the reader is responsible for their interpretation of all content and acknowledges that any reliance thereupon shall be entirely at their risk. PMCG cannot be held liable for any claims arising as a result of the reader's use of the materials.

The PUBLICATION is presented "as is" without any representations or warranties, expressed or implied.

Without prejudice to the general message of the first paragraph above, PMCG does not guarantee that:

- the PUBLICATION will be constantly available; or
- the information contained in the PUBLICATION is complete, true, accurate, or non-misleading.

PMCG reserves the right to modify the contents of PUBLICATIONS from time to time as it deems appropriate.

PMCG absolves itself of any liability of violations of other parties' rights, or any damage incurred as a consequence of using and applying any of the contents of PMCG's PUBLICATIONS. PMCG will not be liable to the reader (whether under contract law, tort law, or otherwise) in relation to the contents of, use of, or other form of connection with, the PUBLICATION.

The reader accepts that, as a limited liability entity, PMCG has an interest in limiting the personal liability of its officers and employees. The reader agrees that they will not bring any claim personally against PMCG's officers or employees with respect to any losses suffered by the reader in connection with the PUBLICATION.

The reader agrees that the limitations of guarantees and liabilities set out in the PUBLICATION disclaimer protect PMCG's researchers, officers, employees, agents, subsidiaries, successors, assignees, and sub-contractors as well as PMCG.

If any provision of this disclaimer is, or is found to be, unenforceable under applicable law, that will not affect the enforceability of the other provisions of the PUBLICATION disclaimer.

Nino Javakhadze

Economic Policy Sector Lead

n.javakhadze@pmcginternational.com

Grigol Pantsulaia

Project Manager

g.pantsulaia@pmcginternational.com

Mariam Jashi

Junior Researcher

m.jashi@pmcginternational.com

Ana Terashvili

Research Assistant

a.terashvili@pmcginternational.com

Amiran Kvantaliani

Economic Analyst (Contact Person)

a.kvantaliani@pmcginternational.com

Address: Erekle Tatishvili 1,
5th floor, Tbilisi 0108, Georgia.

Tel: (+995) 557170660

Email: research@pmcginternational.com

Website: pmcresearch.org; pmcg-i.com/research