

Macroeconomic Review

March 2026

LIBERTY

Main Insights

- In March, annual inflation decreased to 4.3%. If U.S. Iran tensions persist, higher oil and gas prices could add additional upward pressure on inflation.
- Real GDP grew by 8.8% year on year in February. We expect economic growth to moderate to around 6% in 2026.
- Georgia's international reserves decreased by \$343 million and amounted to \$6.3 billion.
- Following the failure of 21-hour negotiations between the U.S. and Iran and the subsequent total blockade of the Strait of Hormuz, expectations for Federal Reserve rate cuts in 2026 remain low.

Report was created by Liberty Economics Team

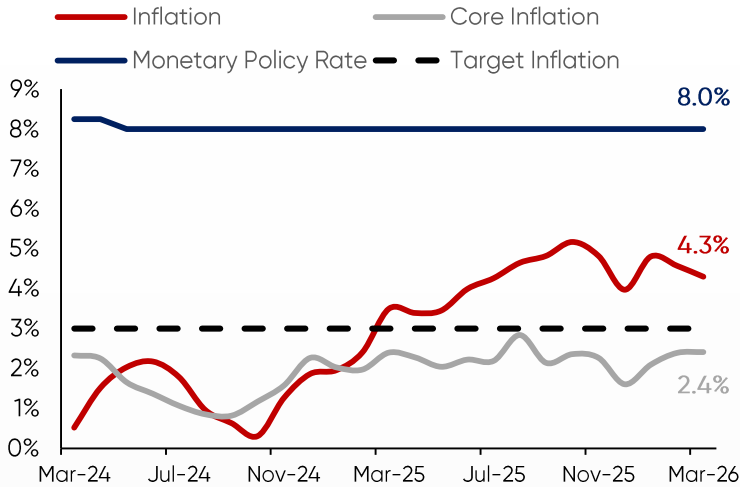
Aleksandre Akhaladze | aleksandre.akhaladze@lb.ge | +995 592 37 13 69

Zura Akhvlediani | zura.akhvlediani@lb.ge | +995 514 05 03 01

Address: 74 Chavchavadze Ave.

Email: Macronewsletter@lb.ge

Inflation Dynamics



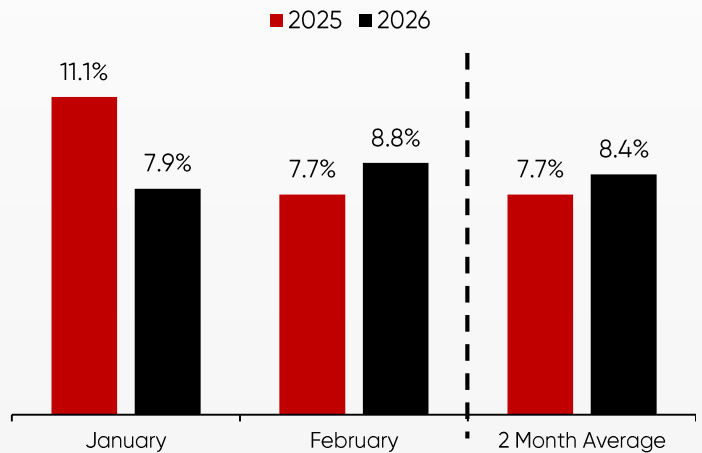
- In March, annual inflation amounted to 4.3%. The decrease was mainly driven by smaller contributions from grocery prices (2.57pp vs 3.20pp last month) and healthcare costs (0.35pp vs 0.50pp last month).
- Domestic inflation decreased to 6.0% (2.9pp contribution), mixed inflation amounted to 4.9% (1.3pp). Imported inflation remained negative, amounting -0.6% (0.1pp).
- Despite the decreased March figure, inflationary pressures have increased, as higher energy prices will be added after April and rising global oil prices will gradually affect domestic fuel prices.

*Including products that are imported as well as those produced domestically.

Sources: Geostat, NBG.

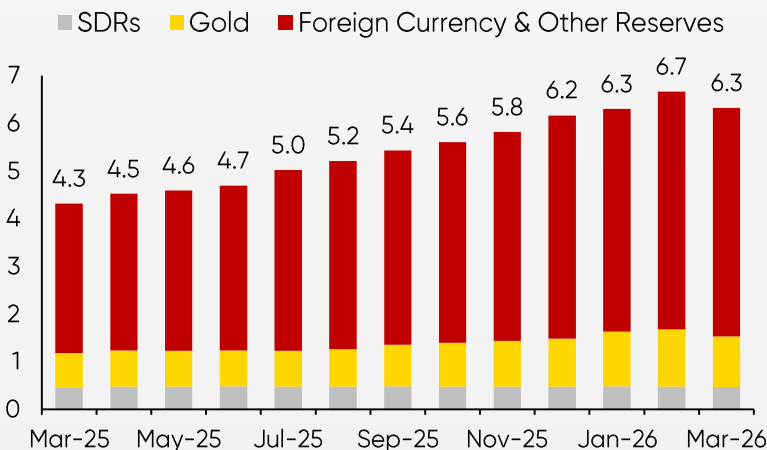
Real Economic Growth

- Real GDP growth was estimated at 8.8% y/y in February 2026, with average growth reaching 8.4% over January–February.
- The NBG and MoF both forecast real GDP growth at 5% for 2026. International institutions expect stronger performance, with the IMF projecting 5.3% and the World Bank 5.5%. Amid strong growth in the first two months of 2026, Moody's revised its forecast upward from 5.5% to 6%.
- Despite elevated risks from US–Iran tensions, which are expected to weigh on global growth through higher energy prices and inflation, we still expect Georgia's economic growth to moderate to around 6% in 2026.



Sources: Geostat, NBG.

NBG Reserves Dynamics (US\$ bln)

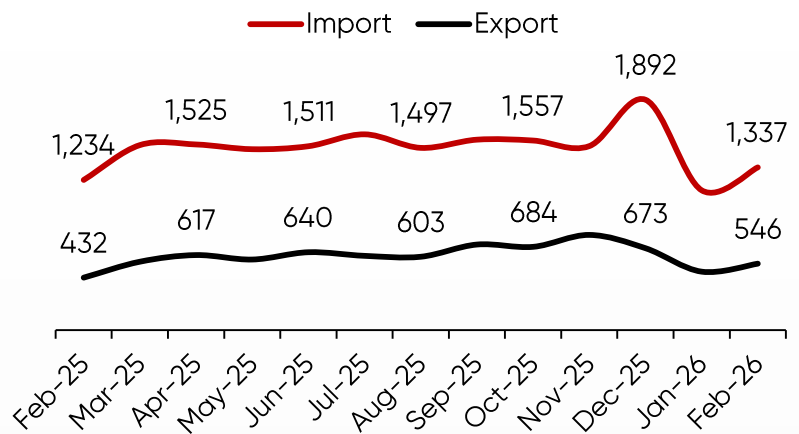


- International reserves decreased by \$343 million monthly, though they remain \$2.0 billion higher compared to the same period last year.
- The decline in gold prices during March had a \$141 million negative impact on the volume of official reserves.
- Following the escalation between Iran and the U.S. early last month, the GEL depreciated against the Dollar. It is likely that the National Bank sold a portion of its reserves during this period to support the currency. Official data regarding direct foreign exchange interventions for March will be published on April 27.

Source: NBG.

External Trade Dynamics (US\$ mln)

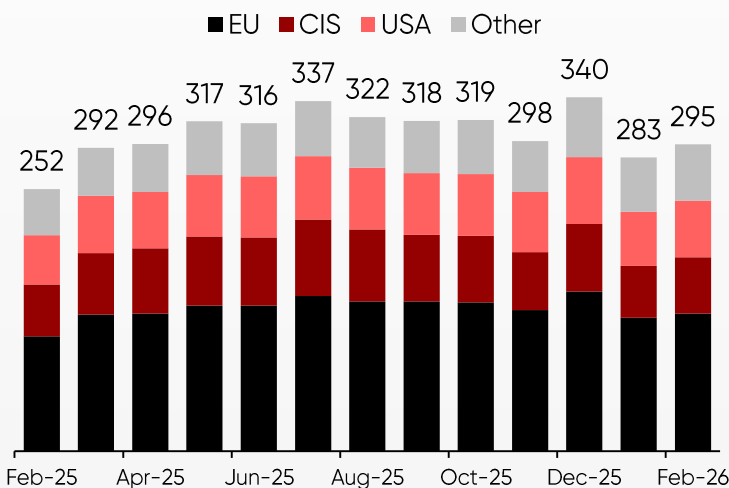
- In February, exports totaled \$546 million, increasing 27% y/y, primarily driven by a \$44 million rise in in precious metal exports and a \$30 million increase in petroleum oil shipments, partially offset by a \$39 million decline in motor car exports.
- Over the same period, Georgia's imports reached \$1.35 billion, increasing by 8.4% y/y. Increase was stemmed from \$34 million growth in petroleum ois, \$27 million growth in medicaments and \$24 million growth in Copper ore imports.



Note: Import statistics are subject to revision, and figures will likely be updated upward.

Source: Geostat.

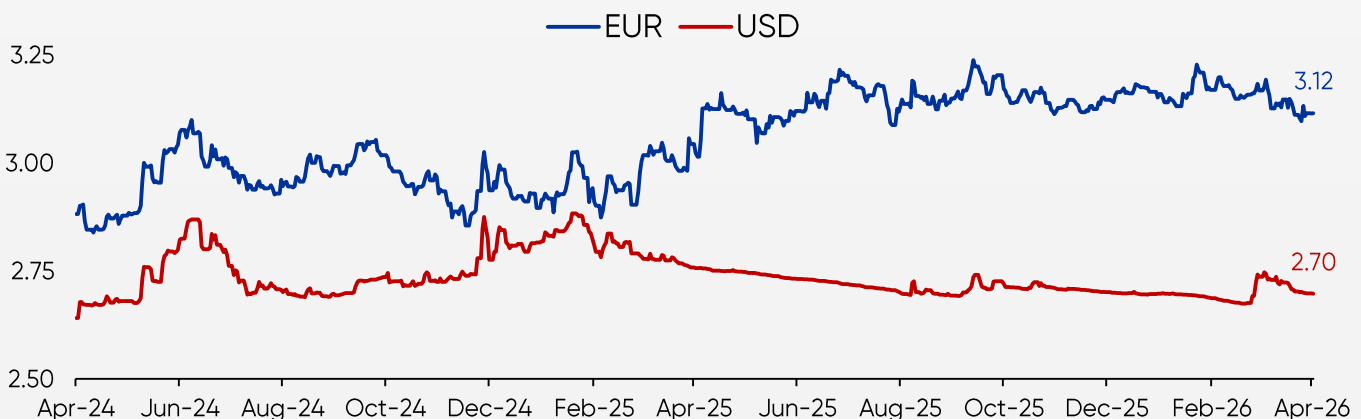
Money Transfers (US\$ mln)



- In February, remittance inflows to Georgia amounted to \$295 million, marking a 17% year-over-year increase.
- In the first two months of 2026, Georgia received \$578 million in money transfers, up 17% compared to the same period in 2025.
- During the month, the largest annual increases originated from Italy, rising by \$8 million, and USA, which increased by \$7 million.
- The largest decline was recorded from Kyrgyzstan, which decreased by \$1.4 million.

Source: NBG.

Exchange Rate Dynamics



- Despite a devaluing trend at the start of March, rates have almost returned to pre-war levels. As of April 8, the USD/GEL rate stood at 2.70 (down 1.7% MoM), while EUR/GEL was 3.12 (down 2.4% MoM).

Source: NBG.

Budget Performance

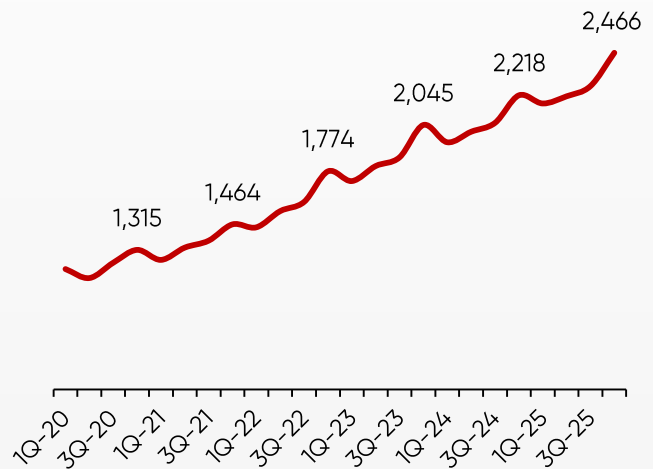
mln GEL	2M-25	2M-26	Growth
Personal Income Tax	1,260	1,430	13.5%
Profit Tax	398	434	9.2%
Value Added Tax (VAT)	1,266	1,371	8.3%
Excise Tax	258	301	16.5%
Import Tax	20	21	9.3%
Other Taxes	265	-30	-
Total Taxes	3,466	3,527	1.8%

- 2M-26, Georgia's central budget recorded 3.52 billion GEL in tax revenues, up 1.8% year-over-year.
- The 61 million GEL increase was mainly driven by a 170 million GEL rise in personal income tax, while value added tax also increased by 105 million GEL.
- The only declining category was Other taxes. This component increased abnormally in 2025, and the Ministry of Finance noted that these revenues will be reclassified. A clearer picture will emerge once the MoF publishes the finalized 2025 budget performance.

Source: MoF.

Average Monthly Nominal Salary

- In the fourth quarter of 2025, average monthly nominal earnings increased by 11.2% year-over-year to 2,466 GEL, while average inflation in 2025 Q4 stood at 4.7%, underscoring that wage growth outpaced inflation.
- ICT remained the highest-paying sector with an average income of 4,400 GEL, while construction and finance ranked among the top three, each paying above 3,700 GEL.
- Education, water supply, and agriculture remained the lowest-paying sectors, with incomes below 1,700 GEL. Earnings in education and water supply grew by 13% and 8% y/y, respectively, while agricultural wages declined by 3.8% y/y.



Source: Geostat.

Tbilisi Residential Real Estate

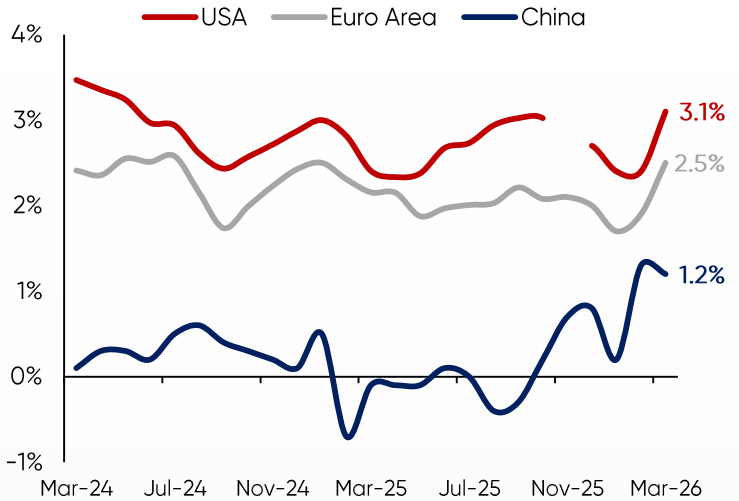
Tbilisi Residential Estate Market (Feb-26)			
AVG. Sell Price		Transactions	
\$1,243		3,801	
M/M	Y/Y	M/M	Y/Y
▲ 4.0%	▲ 9.9%	▲ 31.3%	▲ 20.4%
AVG. Rent Price		Rental Yield	
\$8.5		8.2%	
M/M	Y/Y	M/M	Y/Y
▼ 0.1%	▼ 9.7%	0.0PP	▼ 1.0PP

- In Feb-26, the market size in Tbilisi amounted to 311 mln and saw 34.9% m/m and 34.4% y/y increase.
- Year-over-year growth in market size was driven by increases in both average selling prices and the number of transactions, which rose by 9.9% and 20.4%, respectively.
- Real estate sales data have the drawback of late registrations of primary sales, therefore it figures will likely be updated upward.

Sources: Colliers, NBG.

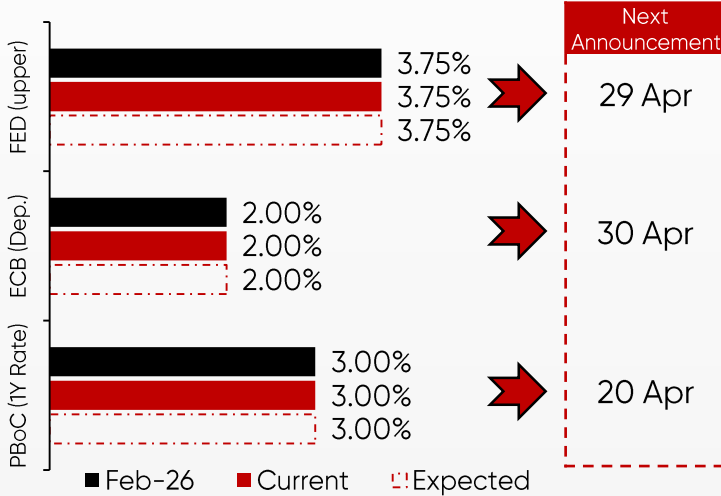
Global Inflation Dynamics

- U.S. inflation is expected to rise to 3.1% in March, stemming from higher oil prices due to the Middle East conflict. Despite the ceasefire, oil prices are unlikely to drop quickly. Therefore, we will likely see inflation well above target in coming months.
- Euro area inflation increased to 2.5%, driven by the Middle East conflict and energy supply disruptions. We expect higher than targeted inflation in the following months, mirroring the U.S. trend.
- China's inflation is projected at 1.2% in March, near the increased February figure of 1.3%, which stemmed from rising food prices after the Chinese New Year.



Note: Mar-26 figures of USA and China are Consensus forecasts. Sources: Eurostat, US Bureau of Labor Statistics, National Bureau of Statistics of China.

Monetary Policy Rate Trends and Expectations



- The U.S.-Iran ceasefire may lead to less restrictive Fed policy throughout 2026. consequently, a rate hold at the April meeting is nearly certain.
- While the ECB operates under a single mandate of price stability, unlike the Fed's dual mandate, which includes economic stimulation, markets previously favored an ECB hike. However, the current ceasefire might provide policymakers with positive expectations to maintain rates at current levels.
- The PBoC is expected to hold rates steady amid ongoing geopolitical tensions.

Sources: Fed, ECB, PBoC, Bloomberg, CME.

Market Watch

- Brent Crude rose 2% m/m to \$97.90, Following the U.S.-Iran conflict, prices peaked at \$110. Although the April 8 ceasefire briefly lowered prices to \$95, the failure of 21-hour negotiations prompted a full U.S. blockade of the Strait of Hormuz, reversing the downward trend.
- Gold fell 5% m/m to \$4,861 per ounce. Despite geopolitical uncertainty, prices dropped due to expectations of tight monetary policy from the Fed. However, Middle East de-escalation may lead to easing rates, yielding higher gains for the metal.

Market Watch (Closing Prices as of April 8, 2026)			
S&P 500	Gold	Brent Oil	Bitcoin
\$6,886	\$4,788	\$97.9	\$74,356
M/M MA100	M/M MA100	M/M MA100	M/M MA100
▲1% \$6,607	▼5% \$4,774	▲2% \$97.8	▲4% \$72,283
TBC	Lion Finance	G Capital	
£47.9	£109.5	£41.4	
M/M MA100	M/M MA100	M/M MA100	
▲15% \$43.6	▲12% \$99.1	▲17% \$37.9	

MA100 refers to the moving average price over the last 100 days

Source: Investing

JSC Liberty Bank has created this document for informational purposes only, and it was developed independently from the companies mentioned. The content of this document should not be regarded as an offer or invitation to buy, sell, or subscribe to any securities or assets. It does not create a contractual obligation or recommendation to take any actions.

The information and opinions presented are based on sources believed to be reliable and in good faith, but they may change without notice. The accuracy and completeness of the information cannot be guaranteed, and therefore, no reliance should be placed on it. JSC Liberty Bank, any other member of the group, or their respective directors, employees, affiliates, advisors, or agents do not provide any express or implied warranty or guarantee regarding the usefulness of this document for predicting the future performance or value of any security or asset. Third-party publications, studies, and surveys included in this document are also subject to the same disclaimer.

The information contained herein is not guaranteed to be fair, accurate, complete, or correct, and should not be relied upon for legal, investment, business, or tax advice. Recipients of this document should conduct their own independent investigation and evaluation of the matters discussed. Any investment decisions made based on this document are solely the responsibility of the investor. JSC Liberty Bank, along with any other member of the group and their respective directors, employees, affiliates, advisers, and agents do not act as an investment, finance, tax and/or legal advisor and shall not be liable for any loss or damages arising from the use of this document or its contents or any act or failure to act based on this document, regardless of whether the loss or damages were caused by negligence or otherwise.

Report was created by Liberty Economics Team

Aleksandre Akhaladze | aleksandre.akhaladze@lb.ge | +995 592 37 13 69

Zura Akhvlediani | zura.akhvlediani@lb.ge | +995 514 05 03 01

Address: 74 Chavchavadze Ave.

Email: Macronewsletter@lb.ge