

Macroeconomic Review

June 2026

LIBERTY

Main Insights

- In June, annual inflation stood at 5.8%. The slight increase compared to May was mainly driven by higher contributions from transport costs and grocery prices.
- In May, real GDP grew by 6.4% annually, with average growth in 5M 2026 reaching 7.8%.
- In June, Georgia's international reserves rose by \$116 million and reached another record-high level of \$7.1 billion.
- Amid elevated inflation, the ECB has already raised its policy rate by 25bp, while markets expect both the ECB and the Fed to increase rates by 25bp by year-end.

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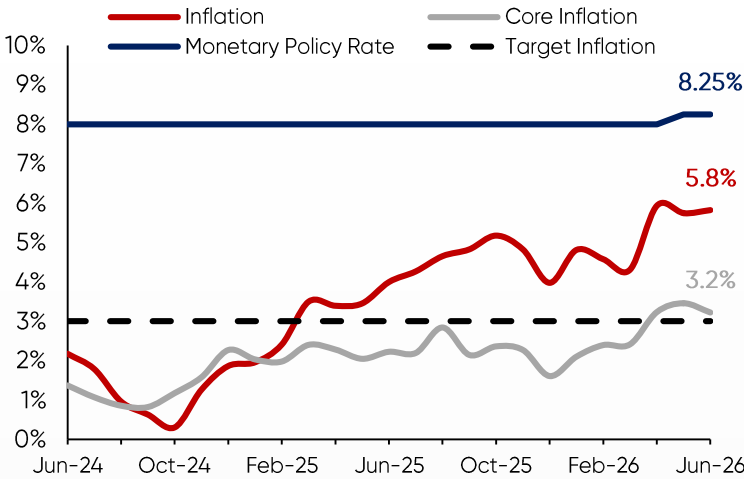
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Inflation Dynamics

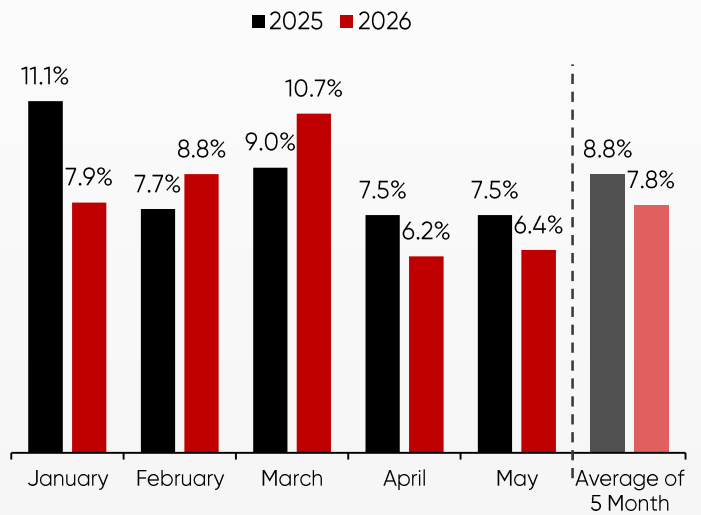


- In June, annual inflation stood at 5.8%. The slight increase compared to May was mainly driven by a higher contribution from transport costs (1.9pp vs 1.7pp) and grocery prices (1.9pp vs 1.8pp in the previous month). The increase in domestic electricity tariffs continued to contribute to inflation, adding about 0.6 percentage points, with its effect on the annual rate expected to persist until next April.
- Domestic inflation fell to 5.7%, adding 2.8pp to headline inflation. Mixed inflation rose to 6.2%, accounting for 1.7pp, while imported inflation reached 6.1%, with a 1.5pp contribution.

Sources: Geostat, NBG.

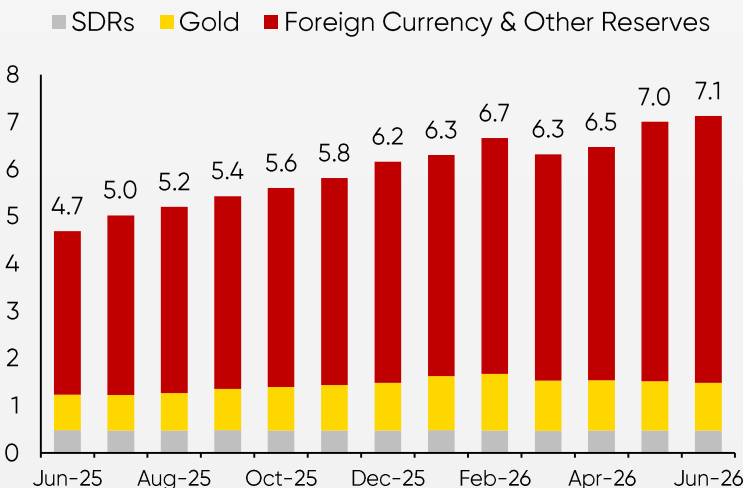
Real Economic Growth

- In May 2026, Georgia's real GDP grew by 6.4% y/y, showing a slight improvement compared to the previous month, with average growth in 5M 2026 reaching 7.8%.
- Growth was mainly supported by strong performance in financial and insurance activities, ICT, manufacturing and transportation and storage, while construction recorded a decline.
- The IMF highlighted Georgia's strong macroeconomic conditions and raised its 2026 growth forecast from 5.3% to 6.5%. Moody's also affirmed Georgia's Ba2 rating, revised the outlook from Negative to Stable and increased its growth forecast from 6.0% to 6.4%.



Sources: Geostat, NBG.

NBG Reserves Dynamics (US\$ bln)

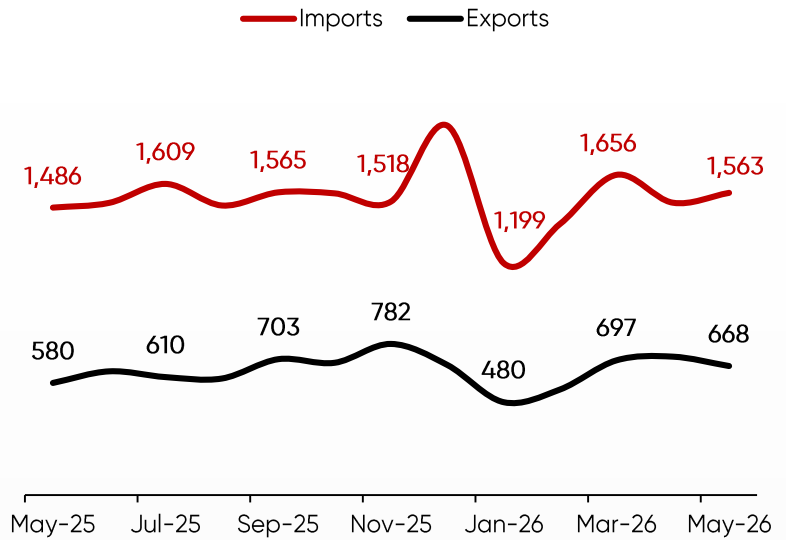


- In June, international reserves rose by \$116 mln month-over-month and reached another record-high level of \$7.1 bln.
- International reserves increased by \$2.4bn year-over-year, corresponding to 52% annual growth. Foreign currency reserves accounted for 46pp of the increase, while the gold price effect contributed 6pp.
- Gold prices have fallen sharply in recent months. Although the NBG purchased \$100 million worth of gold in June, the value of gold reserves is still \$184 million below the February level. Therefore, the increase in international reserves this year was mainly supported by higher foreign currency reserves.

Source: NBG.

External Trade Dynamics (US\$ mln)

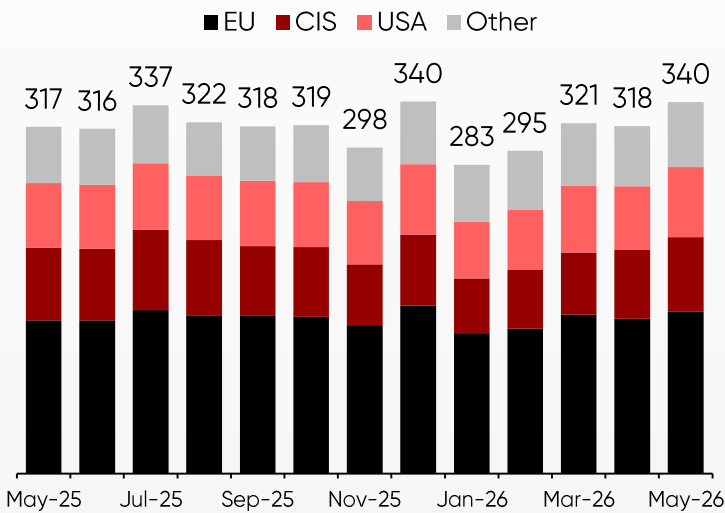
- In May, exports totaled \$668 million, up 15% y/y. Growth was mainly driven by a \$37 million increase in petroleum oil exports, along with rises of \$32 million in copper and \$17 million in fertilizers. However, growth was partly offset by a \$24 million decline in motor car exports.
- Over the same period, Georgia’s imports reached \$1.6 billion, increasing by 5.1% y/y. The rise was mainly driven by a \$66 million increase in petroleum imports, followed by higher crude petroleum and copper imports, which grew by \$43 million and \$41 million, respectively. However, there was a \$110mln decrease in vehicle imports.



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

Source: Geostat.

Money Transfers (US\$ mln)



- In May, remittance inflows to Georgia reached \$340 million, increasing by 7.1% compared to the same period last year.
- The increase was mainly driven by Israel and Russia, where inflows rose by \$5.4mln and \$5.0mln, respectively.
- The largest decline came from Kyrgyzstan, by \$3.3mln.
- In the first five months of 2026, cumulative money transfers amounted \$1.6bn, increasing by 11.2% compared to the same period in 2025.

Source: NBG.

Exchange Rate Dynamics



- As of July 7, USD/GEL stood at 2.64 (-0.8% MoM), while EUR/GEL declined to 3.02 (-1.8% MoM).

Source: NBG.

Budget Performance

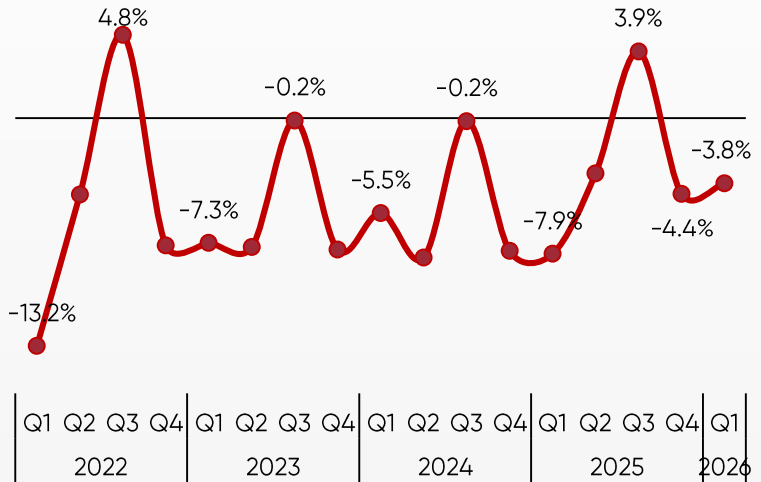
mIn GEL	5M-25	5M-26	Y/Y Growth
Personal Income Tax	3,108	3,498	12.5%
Profit Tax	1,223	1,493	22.1%
Value Added Tax	3,100	3,396	9.6%
Excise Tax	911	969	6.4%
Import Tax	57	65	12.9%
Other Taxes	486	-27	NMF
Total Taxes	8,885	9,393	5.7%

- In 5M 2026, tax revenues of Georgia’s central budget amounted to GEL 9.4bn, reflecting a 5.7% increase compared to the corresponding period of the previous year.
- The growth was primarily supported by personal income tax, which increased by GEL 389mln. Profit tax and VAT also recorded gains, rising by GEL 270mln and GEL 296mln, while a GEL 513mln decrease in the other taxes category partially offset the overall increase.
- This category includes revenues that have not yet been fully allocated across specific tax types. According to the MoF, these amounts should already have been reclassified. As a result, the strong growth in key tax categories mainly reflects revenues that were still recorded under other taxes in 2025.

Source: MoF.

Current Account

- In Q1 2026, the current account deficit stood at \$348.1mln (GEL 939.7mln). On an annual basis the deficit improved by \$274.9mln and amounted to 3.8% of GDP.
- The goods trade deficit decreased by 1.8% and accounted \$1.7bn.
- Total export of services rose by 7.2% y/y. Travel exports reached \$829.8 mln in the first quarter of 2026, up 0.5% annually. IT service exports grew strongly by 65.7%, reaching \$441.3 mln, 4.8% of GDP.
- Current transfers increased by 7.1% annually and totaled \$937.1mln in Q1 2026.



Source: NBG.

Tbilisi Residential Real Estate

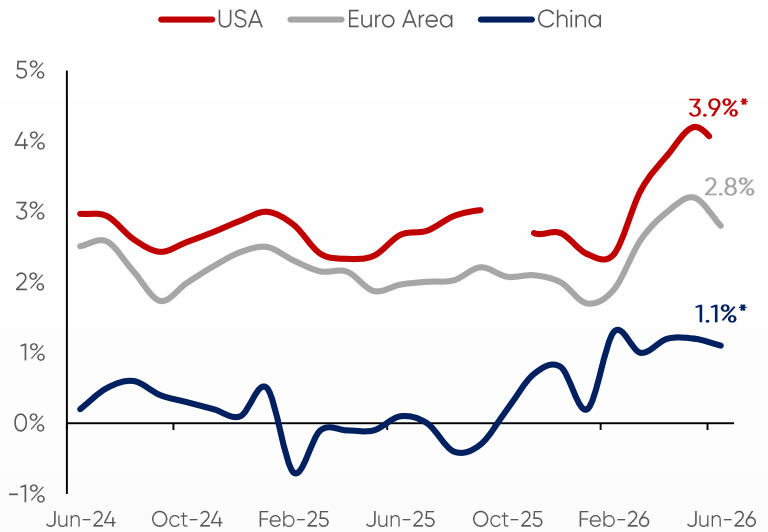
Tbilisi Residential Estate Market (May-26)			
AVG. Sell Price		Transactions	
\$1,291		3,787	
M/M	Y/Y	M/M	Y/Y
▲1.4%	▲13.8%	▲4.9%	▲13.1%
AVG. Rent Price		Rental Yield	
\$8.5		8.1%	
M/M	Y/Y	M/M	Y/Y
▼0.6%	▼8.1%	▼0.0PP	▼0.8PP

- In May 2026, the size of Tbilisi’s real estate market amounted to \$334 million, reflecting growth of 7.3% month-over-month and 32.4% year-over-year.
- Annual growth was supported by a 13.1% rise in the number of transactions, alongside a 13.8% y/y increase in average selling prices
- In May 2026, transactions in Tbilisi’s new projects increased by 15.3% y/y, supported by growth in both primary and secondary markets for newly built apartments. Transactions in old projects also rose by 5.1%. Georgian citizens accounted for most purchases, with foreign citizens making up only 11.4%.

Sources: Colliers, NBG.

Global Inflation Dynamics

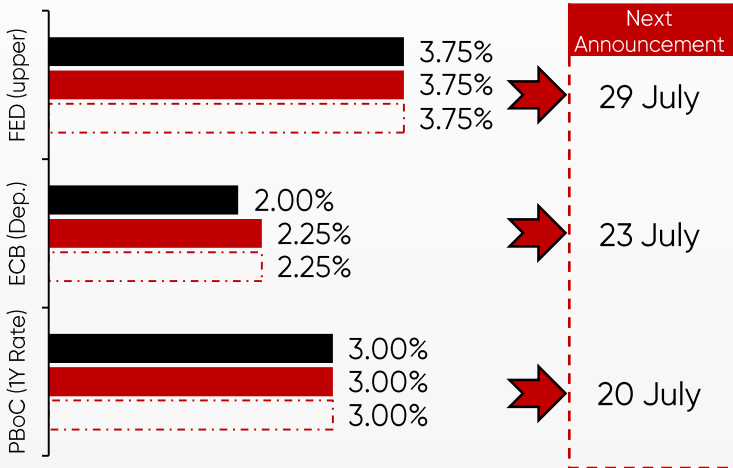
- U.S. inflation accelerated to 4.2% in May, reaching its highest level since May 2023, mainly driven by higher energy prices. Core PCE stood at 3.4%, remaining above the Fed's 2% target since February 2021. Markets expect inflation to ease to 3.9% in June.
- Eurozone inflation eased to 2.8% in June, below expectations and the lowest since February, though still above the ECB's 2% target.
- China's inflation remained unchanged at 1.2% in May, supported by higher transport and energy costs. Producer prices rose by 3.9% year-over-year, marking the fastest increase since July 2022. Markets expect CPI and PPI to remain elevated in June.



*Jun-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 Fed kept its policy rate unchanged, maintaining a wait-and-see stance as Chair Kevin Warsh emphasized that returning inflation to the 2% target remains the central bank's key priority. Markets expect the Fed to raise rates by 25bp by year-end.
- ECB raised rates by 25bp for the first time since 2023, pointing to inflation risks from higher energy prices. Markets also expect the ECB to deliver another 25bp rate increase by year-end.
- In June, the PBoC held its key lending rates unchanged, reflecting a cautious approach amid Middle East tensions and weakening growth momentum.

■ Apr-26 ■ Current ❗ Expected After the Next Meeting

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

Market Watch

- As markets expect both the Fed and the ECB to raise rates in 2026, gold prices declined sharply in recent months. In June, gold fell by 5% month-over-month, dropping below \$4,000. However, IFIs expect prices to rebound, mainly supported by stronger demand from central banks.
- WTI followed a downward trend in June, with prices falling from above \$90 to around \$70 per barrel. The decline reflected the U.S.-Iran ceasefire agreement and the reopening of the Strait of Hormuz, bringing oil prices close to pre-conflict levels.

Market Watch (Closing Prices as of July 7, 2026)									
S&P 500		Gold		WTI Crude Oil		Bitcoin			
\$7,504		\$4,099		\$72.4		\$63,325			
M/M	MA100	M/M	MA100	M/M	MA100	M/M	MA100	M/M	MA100
▲1%	\$7,098	▼5%	\$4,609	▼21%	\$88.1	▲0%	\$70,926		
TBC			BOG			G Capital			
£46.6			£115.4			£44.5			
M/M	MA100		M/M	MA100		M/M	MA100		
▲6%	\$45.1		▲12%	\$107.2		▲11%	\$38.9		

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

Source: Bloomberg.

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