



Macroeconomics Review

July 2025

Monetary Policy

<u>Inflation Rates</u>	Annual inflation was 4.3% in July, up 0.3pp from the previous month.
<u>Refinance Rates</u>	Markets widely expect the Fed to cut rates at its next meeting.
<u>International Reserves</u>	International reserves increased by \$331 million in July, reaching \$5.02 billion.

Macroeconomic Outlooks

<u>Real GDP</u>	Real GDP witnessed a 6.3% annual growth in June.
<u>Tourism Sector</u>	Tourism revenues reached \$1.2 billion in Q2 2025.
<u>Residential Real Estate</u>	Tbilisi's real estate market size amounted to \$253 mln in June (+21% y/y).

External Trade

<u>Exports Dynamics</u>	Exports experienced an 10.4% increase from the previous year in June.
<u>Imports Dynamics</u>	Annually, June Imports have shown a 0.9% increase.
<u>Other Observations</u>	Motor car exports increased by 25% compared to the previous year.

Additional Observations

<u>Remittance Inflows</u>	Remittance inflows in June increased by 12.2% y/y, amounting to \$316 mln.
<u>Exchange Rates</u>	In July, GEL appreciated 0.69% against USD and 1.75% against EUR.
<u>Market Watch</u>	WTI Crude oil fell by 3% to \$64.1, S&P 500 up by 2% to \$6,345.

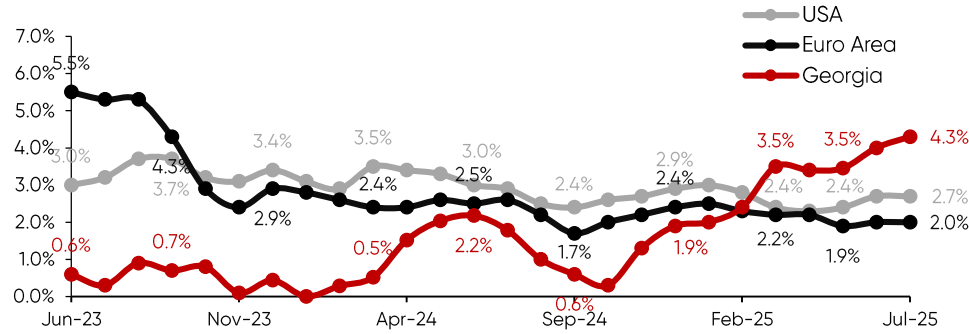
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Y/Y Inflation Dynamics



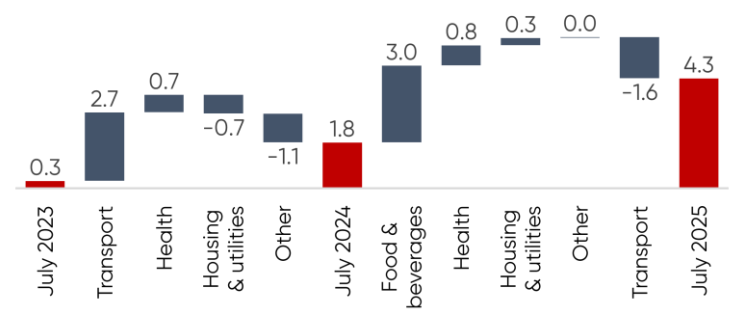
Note: July-25 figure of USA & Euro are estimations

- In July, Georgia's annual inflation rose to 4.3%, driven mainly by higher prices in food and non-alcoholic beverages (+3.45pp contribution) and healthcare (+0.80p).
- Domestic inflation amounted to 5.4% (2.5PP contribution in total) in July, mixed* 7.5% (2.2PP) and imported -1.6% (-0.4PP).
- Monthly inflation amounted to -0.2%, mainly influenced by price changes for Clothing and Footwear (-0.19PP).

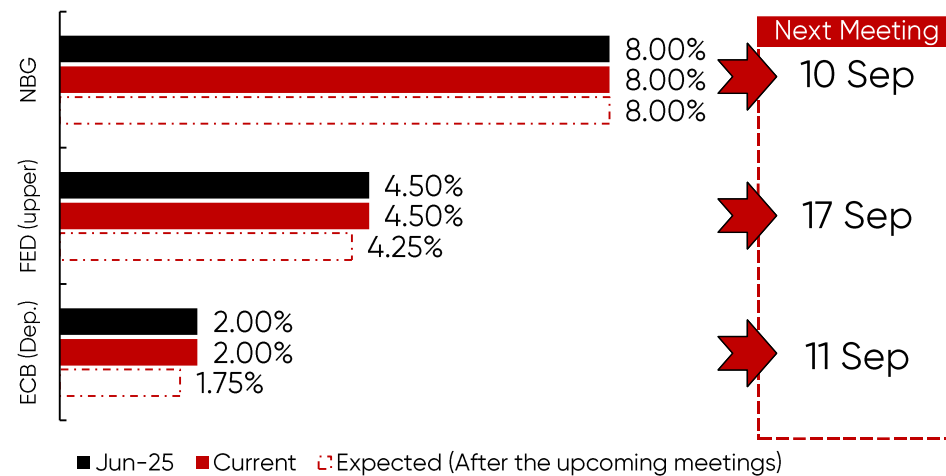
*Including products that are imported as well as those produced domestically.

Sources: Geostat, Eurostat, US Bureau of Labor Statistics

Contributors to Y/Y Change of Annual Inflation Changes in Georgia



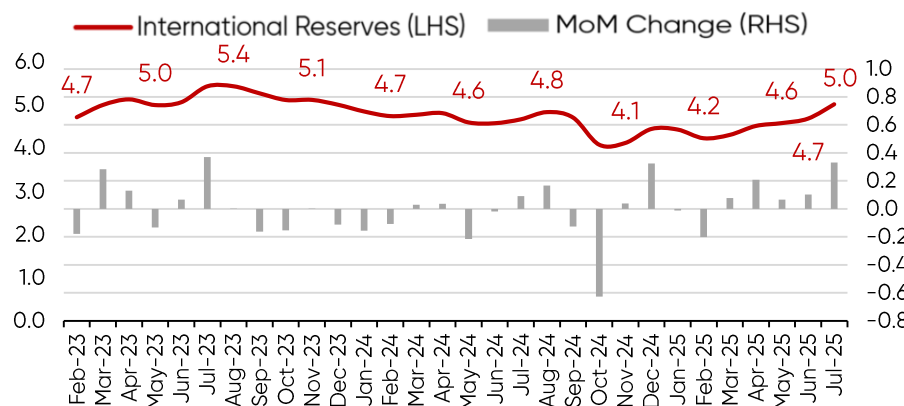
Reference Rate Trends and Expectations



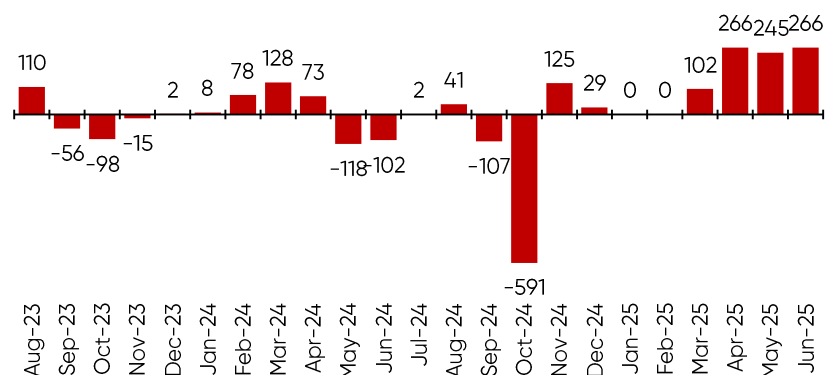
- In Georgia, inflation rose to 4.3%, up from 4.0% last month. With inflation still above the NBG's target rate of 3%, there is currently no expectation of a rate cut. Moreover, the NBG now expects the policy rate to remain steady at 8% for the rest of the year.
- Inflation remains above the Fed's 2% target, with the June reading rising to 2.7%. While there had been no expectation of a rate cut, July's nonfarm payrolls came in much weaker than expected at 73k, and prior months were revised down by a combined 260k. With May and June now showing just 35k new jobs—the lowest since COVID—markets widely expect the Fed to cut rates at its next meeting.
- At its last meeting, the ECB held the deposit facility rate at 2.0%, pausing its monetary easing cycle. However, as conditions have stabilized, markets now expect the ECB to resume easing with one final rate cut at the upcoming meeting.

Sources: NBG, Bloomberg, ECB, CME Group

NBG Reserves Dynamics (US\$ bln)



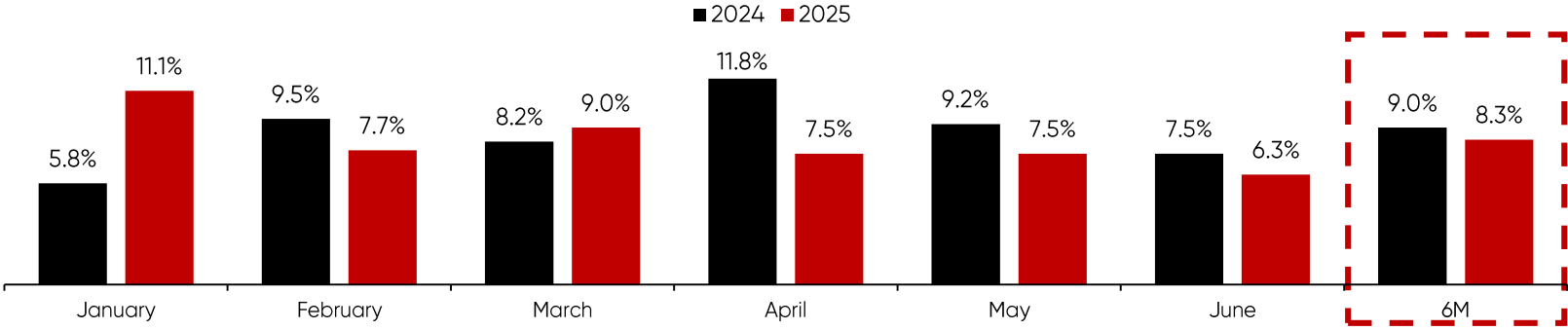
NBG Net Purchases (US\$ mln)



- As of July, national reserves amounted to \$5.02 billion, reflecting an increase of \$331 million from the previous month.
- In June, the NBG purchased \$266 million via the Bmatch platform.
- Year-over-Year national reserves increased by \$348 mln.

Source: NBG

Y/Y Real GDP Estimate Growth

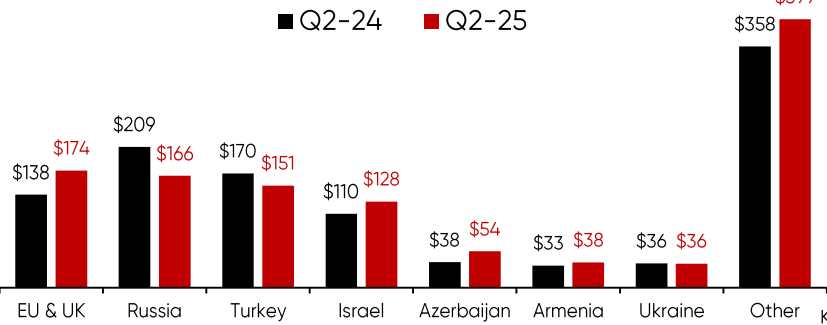


Real GDP Growth Dynamics

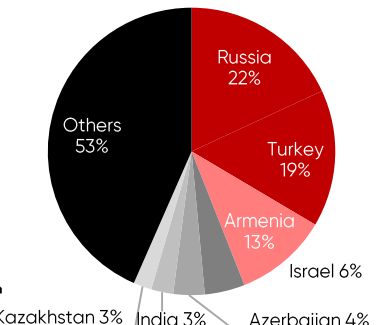
- Yearly real GDP experienced 6.3% growth in June. The highest growth was registered in following: ICT and Manufacturing.
- The average real GDP growth for the first half of the year stood at 8.3%
- Due to the strong economic growth in the first half of the year, the NBG has revised the 2025 economic growth forecast from 6.7% to 7.4%.

Sources: Geostat, NBG

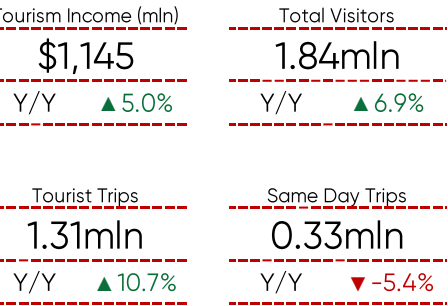
Tourism Income by Countries (US\$ mln)



Tourists by Countries (Q2-25)



Main Figures of Tourism (Q2-25)

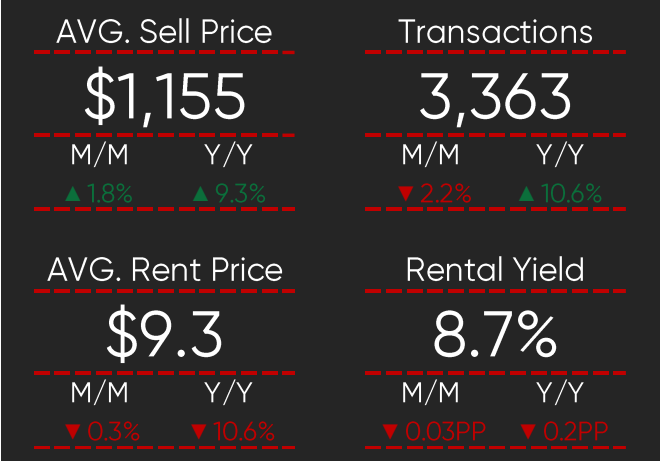


Tourism Sector

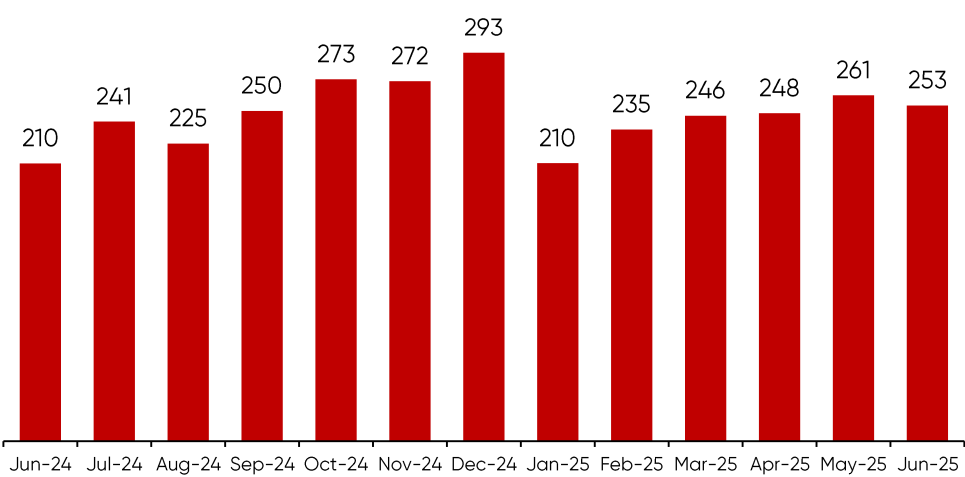
- In Q2 2025, tourism income reached \$1.2 billion—up 5.0% year-over-year—while international visitors totaled 1.6 million, marking a 7.0% increase.

Source: GNTA, NBG

Tbilisi Residential Estate Market (June-25)



Dynamics of Tbilisi's Housing Market Size (US\$ mln)



Tbilisi Residential Real Estate Market

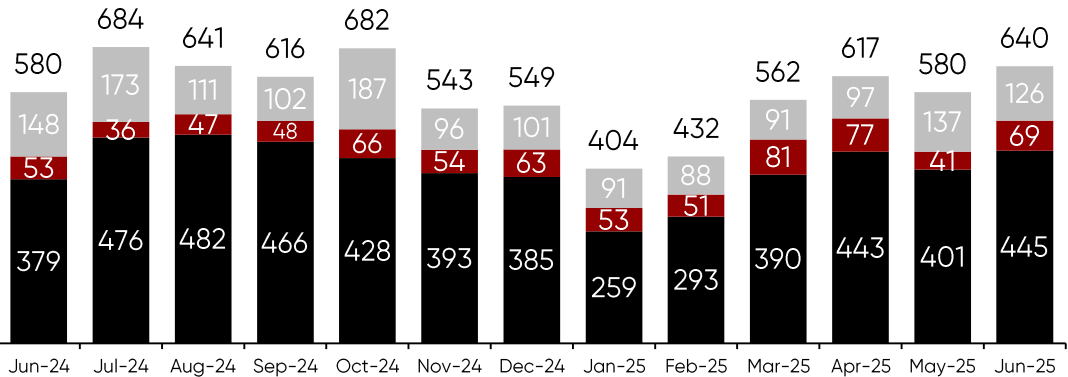
- In Jun-25, the market size in Tbilisi amounted to 253 mln and saw -3.0% m/m and 20.8% y/y increase.
- In June 2025, the number of transactions in new projects in Tbilisi increased by 8.8%, driven by growth in the secondary market. In contrast to previous months, transactions in older projects also experienced an upward trend, with a notable 16.6% increase compared to June 2024.

Source: Colliers, NBG, SS

Export Dynamics

Export Dynamics (US\$ mln)

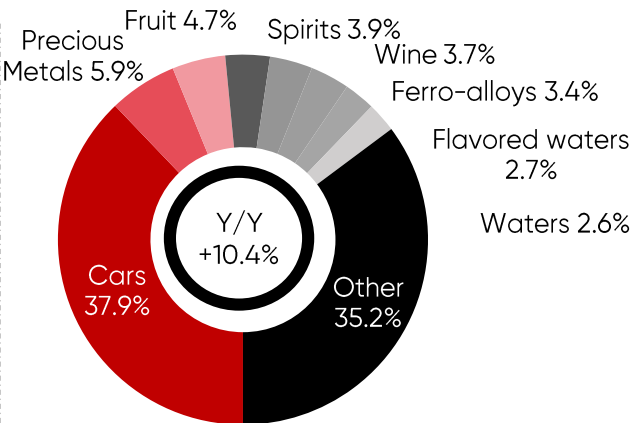
■ CIS ■ EU ■ Other



- In June, exports totaled \$640 million, marking a 10.4% increase compared to the same period last year. Exports to CIS countries and the European Union rose by 17.5% and 31.3%, respectively.
- Key contributors to this increase were Motor Cars (+8.3 PP effect in total) and Precious metals (+1.7PP), while Ferro-Alloys (-2.7PP), had the biggest negative impact.

Source: Geostat

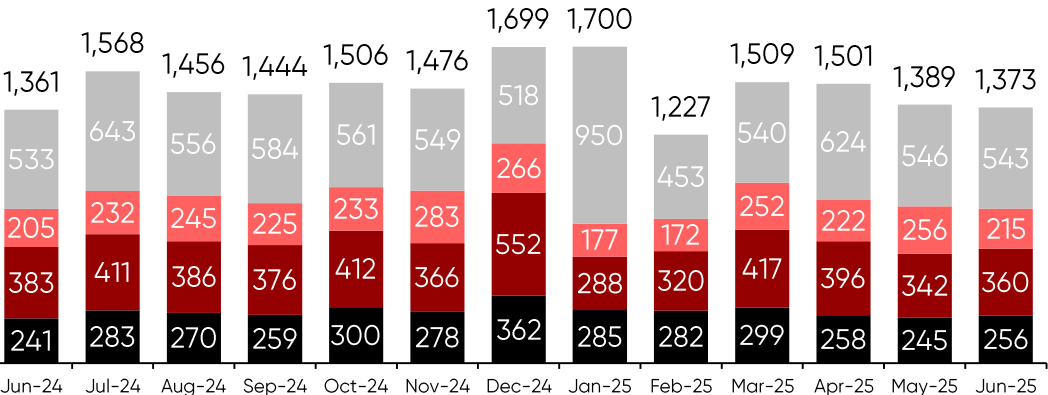
Exports by Products



Import Dynamics

Import Dynamics (US\$ mln)

■ CIS ■ EU ■ Turkey ■ Other

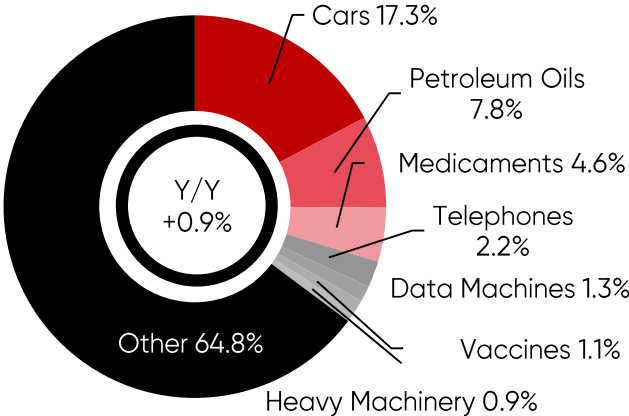


- In June, imports to Georgia amounted to \$1.37 billion, reflecting a 0.9% increase compared to June 2024. Imports from Turkey and CIS countries rose by 5.0% and 6.2%, respectively, while imports from the European Union declined by 6.0%.
- The main contributors to the increase were Vaccines (+0.7pp impact on overall growth) and Medicaments (+0.7pp), while Motor Cars (-6.8pp) accounted for the largest decline.

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

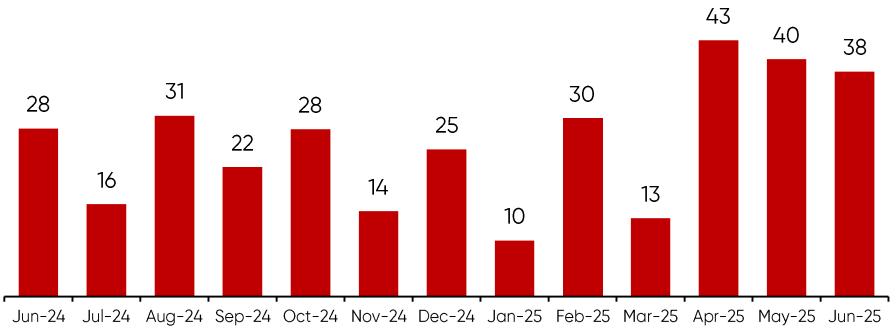
Source: Geostat

Imports by Products



Other Observations

Precious Metals Export Over the Last Months (US\$ mln)

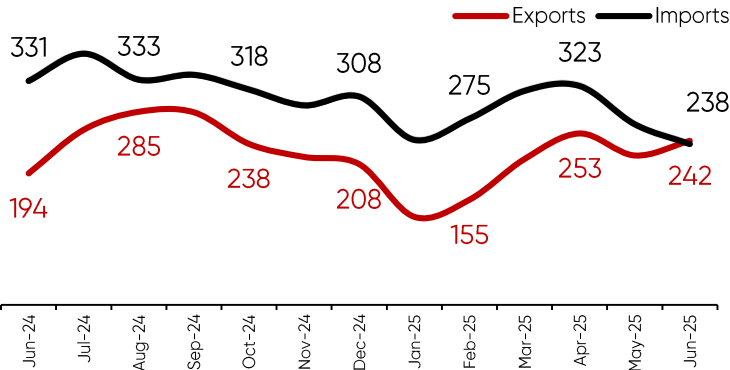


- Compared to June 2024, exports of Precious Metals Increased by 34%.
- Motor car exports increased by 24.8% compared to the previous year, while imports decreased by 28.1%.

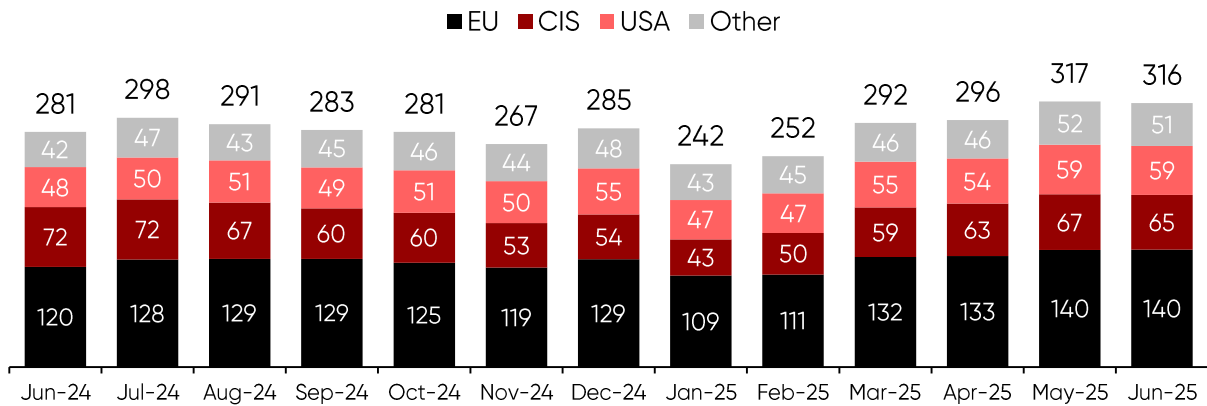
Note: Import statistics are subject to revision, and figures will likely be updated upward.

Source: Geostat

Car Trade Dynamics Over the Last Months (US\$ mln)



Remittances Inflow Dynamics (US\$ mln)



Top 10 Countries and Y/Y Change (June 25)

#	Country	Amount	Y/Y Gr.
1	USA	\$59 mln	23.0%
2	Italy	\$52 mln	12.8%
3	Russia	\$41 mln	-15.9%
4	Germany	\$27 mln	21.4%
5	Greece	\$26 mln	17.6%
6	Israel	\$24 mln	23.1%
7	Kyrgyzstan	\$9 mln	82.3%
8	Turkey	\$9 mln	13.2%
9	Spain	\$8 mln	37.2%
10	Kazakhstan	\$7 mln	-36.9%

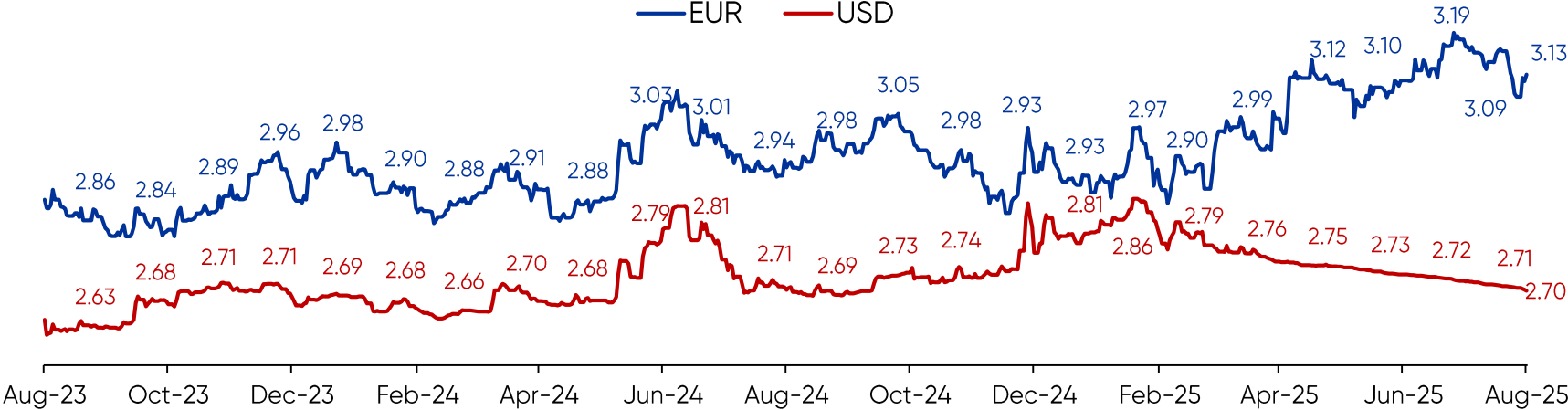
- In June, remittance inflows to Georgia amounted to \$316 million, marking a 12.2% year-over-year increase.
- The largest increases came from the US (+\$10.9 mln) and Italy (+\$5.9 mln), while Russia recorded the biggest decline (-\$7.7 mln).

Source: NBG

Remittance Inflows

GEL Exchange Rate Dynamics

—EUR —USD



- As of August 7, the USD/GEL exchange rate stood at 2.70 (down 0.69% MoM), while the USD/EUR rate reached 3.13 (down 1.75% MoM).

Source: NBG

Exchange Rates

Market Watch (Closing Prices as of August 6, 2025)

S&P 500		Gold		WTI Crude Oil		Bitcoin	
\$6,345		\$3,385		\$64.05		\$114,753	
M/M	MA100	M/M	MA100	M/M	MA100	M/M	MA100
▲2%	\$6,338	▲2%	\$3,359	▼3%	\$65.85	▲6%	\$114,346
TBC		BOG		G Capital			
£48.8		£76.9		£22.4			
MoM	MA100	MoM	MA100	MoM	MA100		
▲9%	\$48.4	▲9%	\$75.8	▲10%	\$21.5		

MA100 is the moving average price over the last 100 days

- The S&P 500 rose by 2% m/m to \$6,345, briefly surpassing 6,400 to set a new all-time high during the month. The rally was fueled by strong Q2 earnings and investor optimism, with the index staying above its 100-day moving average, reinforcing bullish momentum.
- WTI Crude Oil fell by 3% m/m to \$64.05, pressured by OPEC's decision to raise output in August and lingering concerns over global demand. The price decline reflects easing geopolitical tensions and growing supply expectations, pulling oil below its 100-day average.

Sources: Bloomberg, LSE.

Market Watch

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