

Macroeconomics Review

September 2025

Monetary Policy

<u>Inflation Rates</u>	Annual inflation reached 4.8% in September, up 0.2pp from August.
<u>Monetary Policy Rates</u>	Markets widely anticipate a monetary policy rate cut by the Federal Reserve.
<u>International Reserves</u>	International reserves rose by \$224 million, totaling \$5.4 billion in September.

Macroeconomic Outlooks

<u>Real GDP</u>	Real GDP witnessed a 6.6% annual growth in August.
<u>Current Account</u>	The current account deficit amounted to \$273 million in the second quarter.
<u>Residential Real Estate</u>	Tbilisi's real estate market size amounted to \$224 mln in August (+0.3% y/y).

External Trade

<u>Exports Dynamics</u>	Exports declined 5.9% annually in August, amounting to \$603 million.
<u>Imports Dynamics</u>	In August, imports reached \$1.36 billion, marking a 6.9% annual decline.
<u>Other Observations</u>	Motor car exports totaled \$249 million in August, down 13% year-over-year.

Additional Observations

<u>Earnings Dynamics</u>	In 2Q25, average monthly income stood at 2,212 GEL.
<u>Exchange Rates</u>	The Georgian lari (GEL) depreciated by 0.76% vs USD and by 0.31% vs EUR.
<u>Market Watch</u>	Gold, the S&P 500, and Bitcoin all recently reached record highs.

Report was created by Macroeconomics & Research Unit

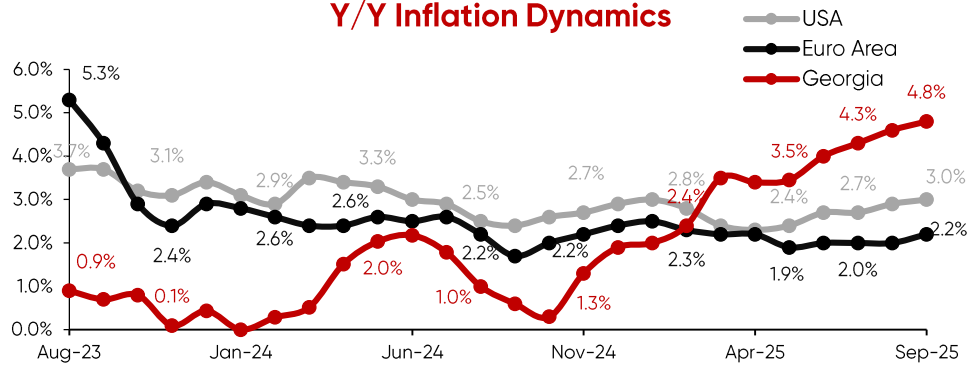
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Y/Y Inflation Dynamics

Inflation



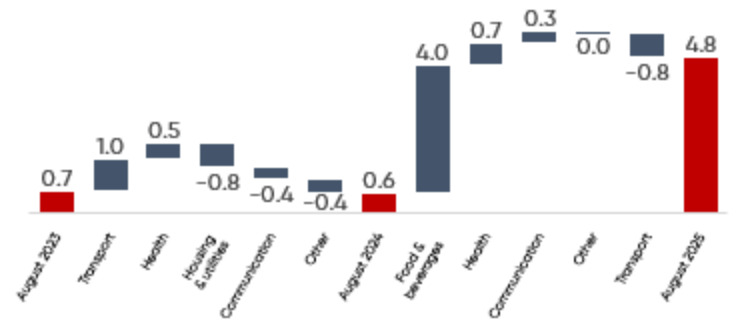
Note: Sep-25 figure of USA & Euro are estimations

- In September, Georgia's annual inflation rose to 4.8%, driven mainly by higher prices in food and non-alcoholic beverages (+3.89pp contribution) and Healthcare (+0.76p).
- Domestic inflation amounted to 6.3% (3.0PP contribution in total) in September, mixed* 7.8% (2.2PP) and imported -1.1% (-0.3PP).
- Monthly inflation amounted to 0.5%, mainly influenced by price changes in food and non-alcoholic beverages (+0.4PP).

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

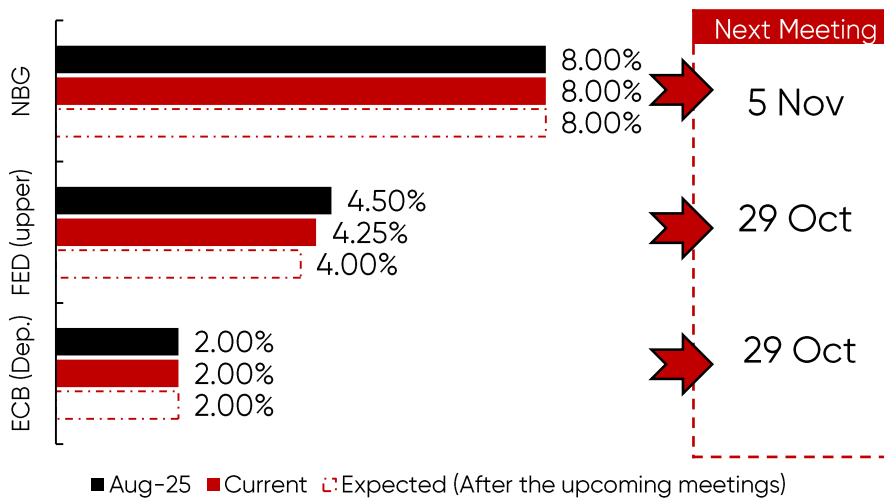
Sources: Geostat, Eurostat, US Bureau of Labor Statistics.

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



Monetary Policy Rate Trends and Expectations

Monetary Policy Rates



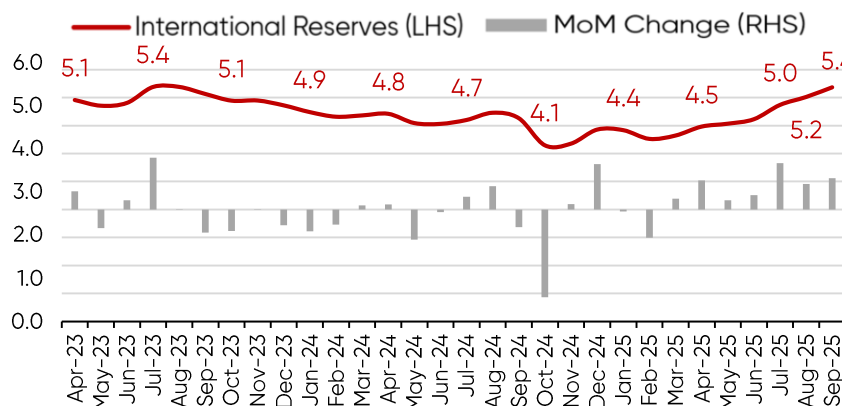
■ Aug-25 ■ Current ■ Expected (After the upcoming meetings)

- In Georgia, inflation rose to 4.8%, up from 4.6% last month. With inflation still above the NBG's target rate of 3%, there is currently no expectation of a rate cut. Moreover, the average 4.6% inflation figure of third quarter is close to the NBG's high-inflation scenario, and if prices continue to rise, expectations for a policy rate hike could increase significantly.
- Despite inflation rising to 2.9% in August (expected to be 3.0% in September), weak labor data fuels expectations for a rate cut. The past few months have marked the lowest figures since the pandemic, and with the government now in shutdown, official updates on payrolls will be delayed. Therefore, markets now widely expect the Fed to cut rates at its next meeting.
- The ECB has held the deposit facility rate at 2.0% for the past two meetings, maintaining a cautious "wait-and-see" stance. With inflation picking up to 2.2%, markets no longer expect a rate cut at the next meeting.

Sources: NBG, Bloomberg, ECB, CME Group.

NBG Reserves Dynamics (US\$ bln)

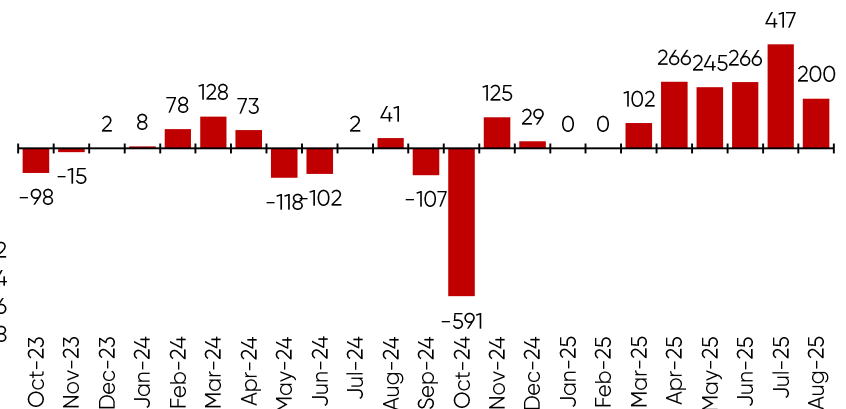
International Reserves Dynamics



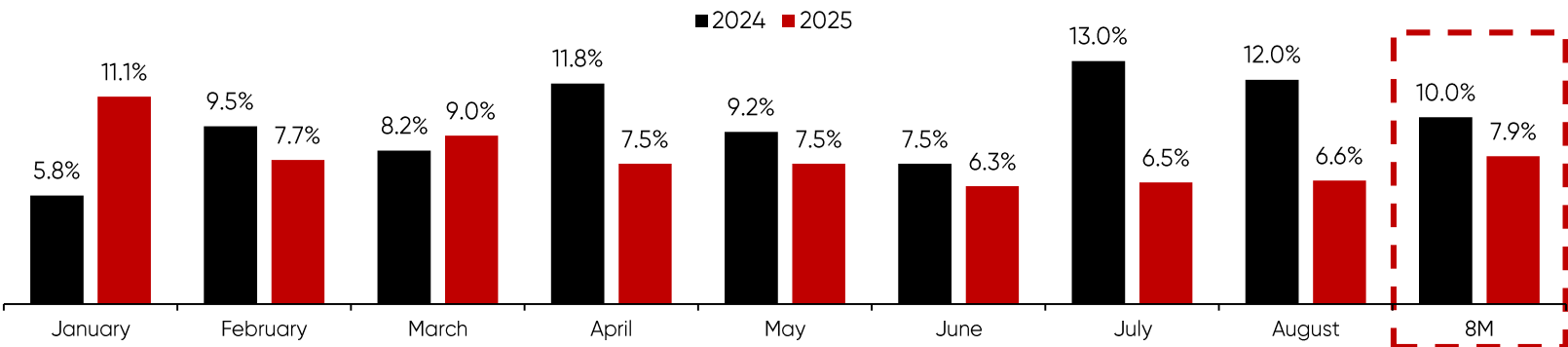
- As of September, national reserves amounted to \$5.4 billion, reflecting an increase of \$224 million from the previous month.
- In August, the NBG purchased \$200 million via the Bmatch platform.
- Year-over-Year national reserves increased by \$715 mln.

Source: NBG.

NBG Net Purchases (US\$ mln)



Y/Y Real GDP Estimate Growth

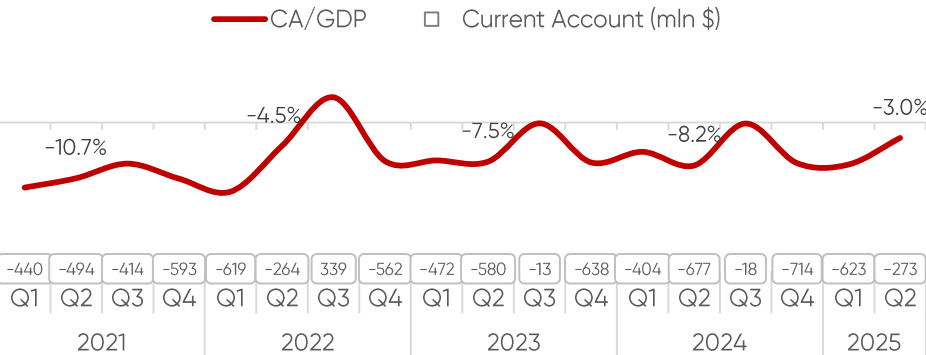


- Yearly real GDP experienced a 6.6% growth in August. The highest growth was registered in ICT and Financial sectors.
- In the second quarter, Georgia's GDP reached \$9.24 billion, while GDP per capita stood at \$2,496, reflecting annual nominal increases of 12.4% and 12.1%, respectively, compared to the same period last year.
- ADB and EBRD both raised their 2025 GDP forecasts from 6.0% to 7.0%, while the World Bank increased its projection from 5.5% to 7.0%, citing strong economic performance.

Sources: Geostat , NBG.

Real GDP Growth Dynamics

Current Account Dynamics

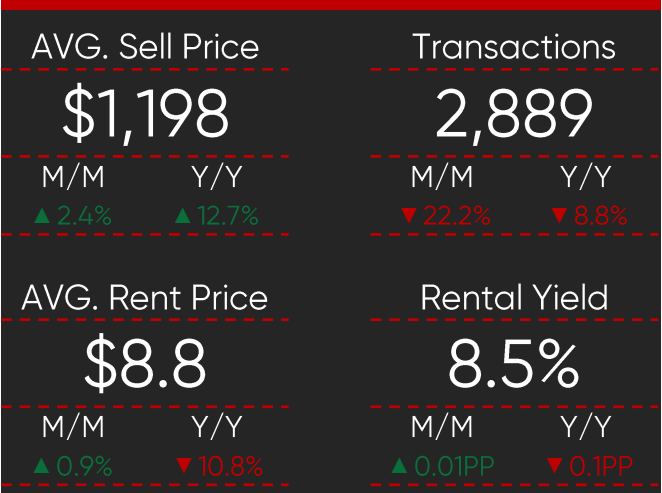


- The current account balance stood at -\$273 million in the second quarter, amounting to -3.0% of GDP.
- The goods trade deficit widened by 10.9% year-over-year, reaching \$1.6 billion.
- Income from the export of services, rose by 7.8%. The travel export reached \$1.1 billion in the second quarter of 2025, up by 5.0% annually.
- The current transfers increased by 2.3% annually, totaling \$902.2 million.

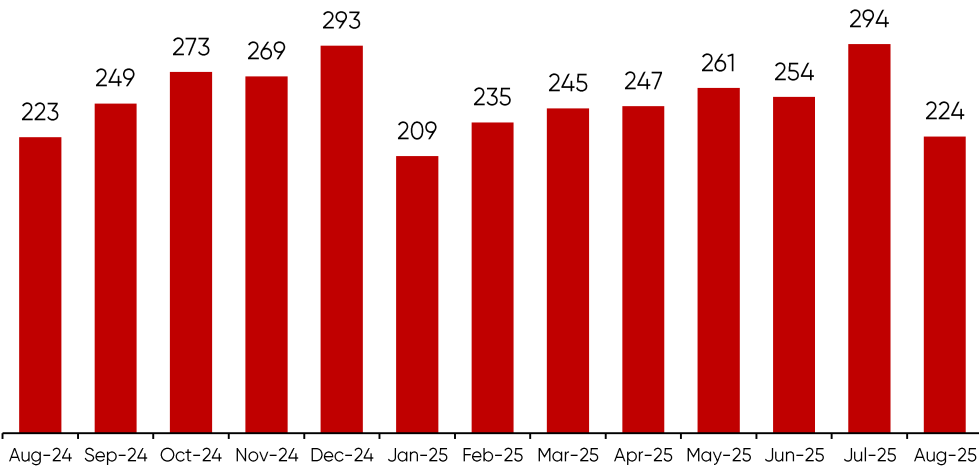
Source: NBG.

Current Account

Tbilisi Residential Estate Market (Aug-25)



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



- Tbilisi's real estate market totaled \$224 million in August, recording a 23.7% m/m decline and a 0.3% y/y increase.
- The number of transactions in new projects in Tbilisi decreased by 6.4% compared to August of the previous year. The number of transactions on the primary market of newly built flats decreased by 11.1%, while the secondary market recorded a 0.2% decrease. The decline rate in old projects is 15.3%.

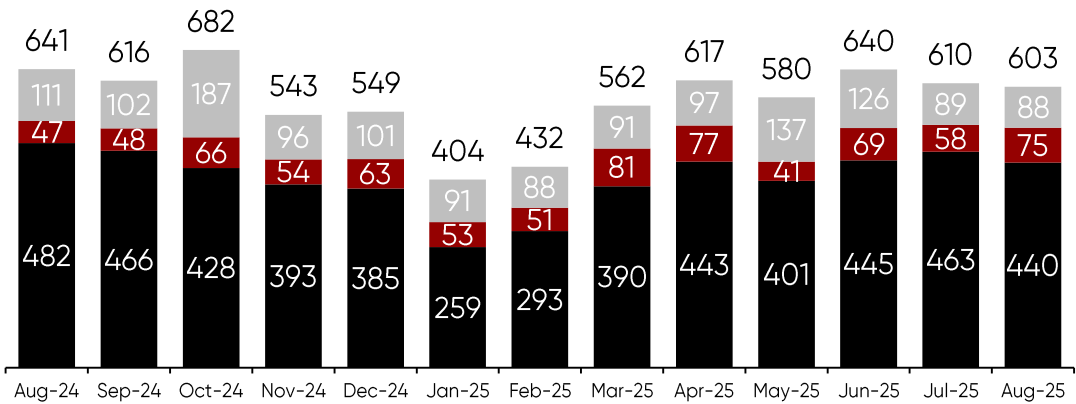
Source: Colliers, Geostat.

Tbilisi Residential Real Estate Market

Export Dynamics

Export Dynamics (US\$ mln)

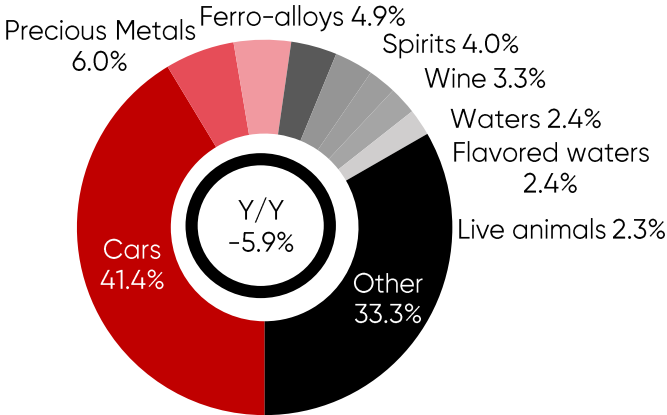
■ CIS ■ EU ■ Other



- In August, exports totaled \$603 million, marking a 5.9% decrease compared to the same period last year. Exports to CIS countries declined by 8.7% while exports to the European Union rose by 58.2%.
- Key contributors to this decrease were Cars (-5.6 PP effect in total) and Cigarettes (-1.0PP), while Ferro-alloys (+1.8PP), had the biggest positive impact.

Source: Geostat.

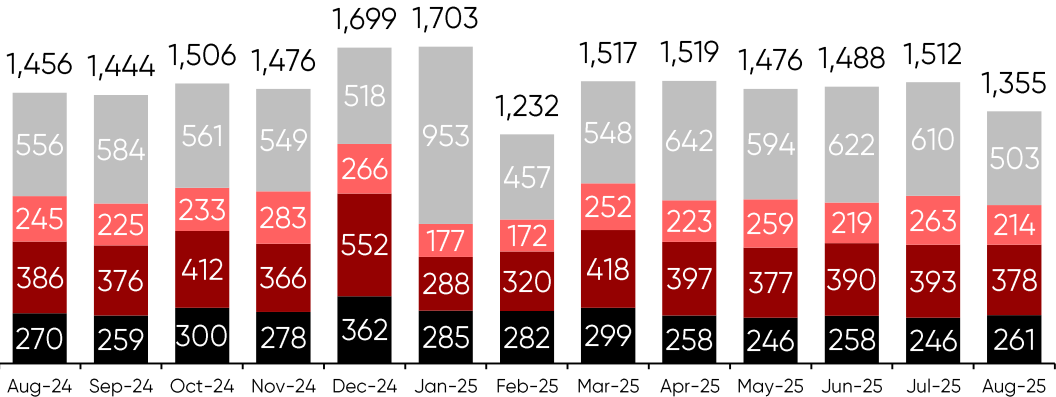
Exports by Products



Import Dynamics

Import Dynamics (US\$ mln)

■ CIS ■ EU ■ Turkey ■ Other

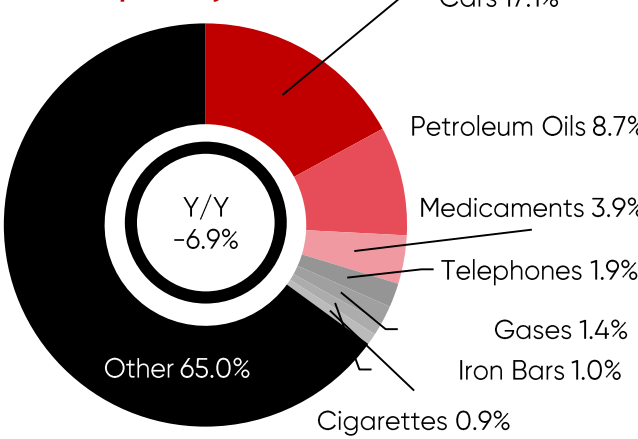


- In August, imports to Georgia amounted to \$1.36 billion, reflecting a 6.9% decrease compared to August 2024. Imports from Turkey declined by 12.4%, while imports from the CIS and European Union countries fell by 3.4% and 2.2%, respectively.
- The main contributors to the decrease were Motor cars (-6.9pp impact on overall growth) and Iron bars (-1.0pp), while Manganese (+0.6pp) accounted for the largest increase.

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

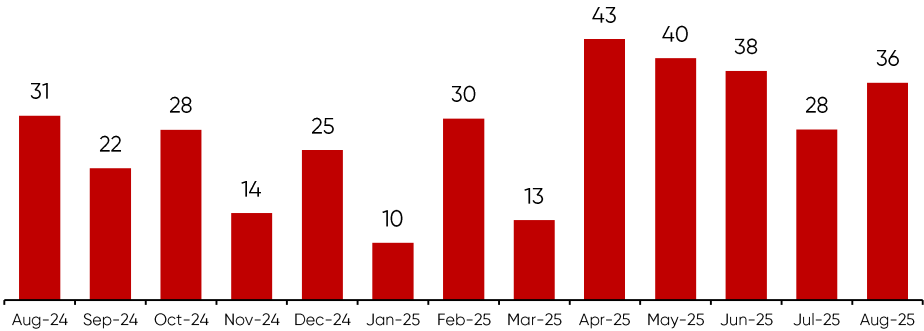
Source: Geostat.

Imports by Products



Other Observations

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

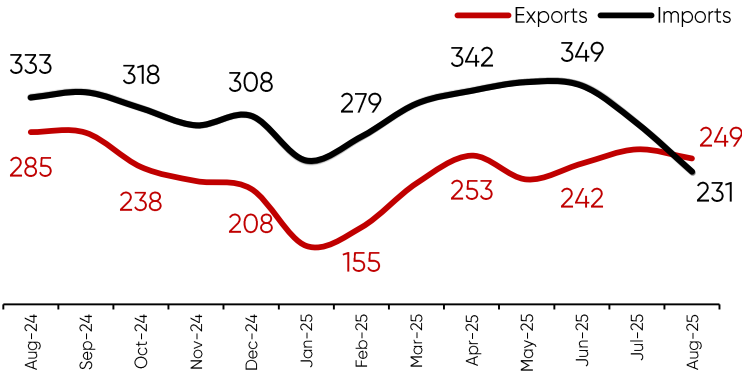


- Exports of Precious Metals rose 18% compared to August 2024, while the cumulative eight-month figure is up by 62%.
- Motor car exports decreased by 12.6% compared to the previous year, while imports decreased by 30.4%.

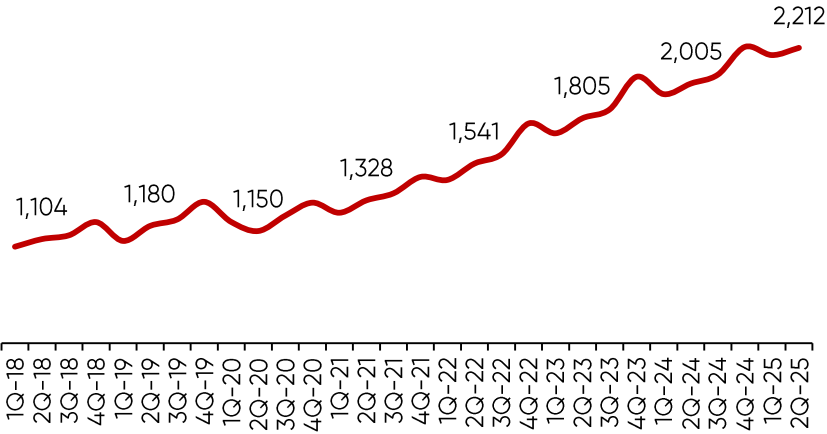
Note: Import statistics are subject to revision, and figures will likely be updated upward.

Source: Geostat.

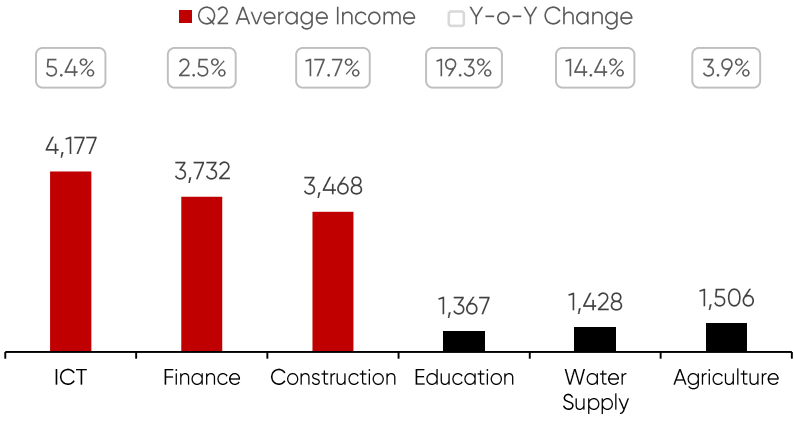
Car Trade Dynamics Over the Last Months (US\$ mln)



Average Monthly Earnings (GEL)



Top & Bottom Earners by Sector (GEL)



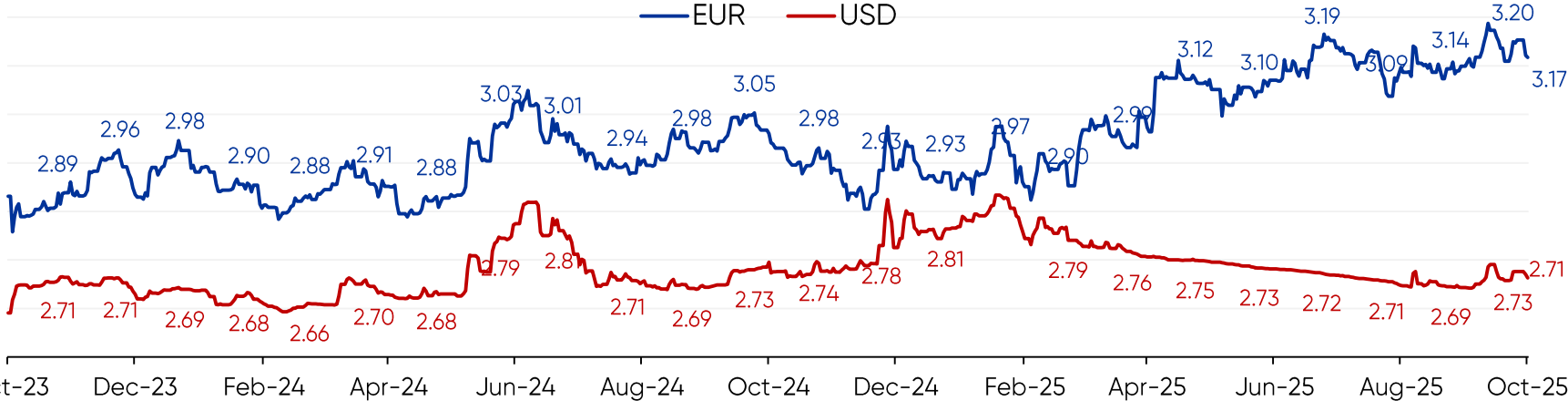
- In the II quarter of 2025, the average monthly nominal earnings increased by 10.3% y/y and amounted to 2,212 GEL
- ICT became the highest-paying sector with an average income of 4,177 GEL, while education, water supply, and agriculture were the lowest.

Source: Geostat.

Earnings Dynamics

GEL Exchange Rate Dynamics

EUR USD



- As of October 8, the USD/GEL rate stood at 2.71 (up 0.76% MoM), while EUR/GEL was 3.17 (up 0.3% MoM).

Source: NBG.

Exchange Rates

Market Watch (Last Prices as of October 8, 2025)

S&P 500	Gold	WTI Crude Oil	Bitcoin
\$6,715	\$4,048	\$62.24	\$122,625
M/M MA100	M/M MA100	M/M MA100	M/M MA100
▲3% \$6,672	▲11% \$3,926	▲0% \$61.30	▲9% \$123,244
TBC	BOG	G Capital	
£44.7	£78.1	£23.5	
M/M MA100	M/M MA100	M/M MA100	
▲3% \$44.6	▲7% \$75.5	▲0% \$23.8	

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

- The S&P 500 advanced 3% m/m to 6,715, after touching an all-time high of 6,754 earlier in the month. The index continues to trade above its 100-day moving average, signaling sustained investor confidence and bullish sentiment.
- Gold climbed 11% m/m to \$4,048, marking a new all-time high and moving firmly past the \$4,000 threshold amid the U.S. government shutdown and persistent macro uncertainty.
- Bitcoin rose 9% m/m to \$122K, after reaching an all-time high of \$126K earlier in the month. The cryptocurrency is now trading slightly below its 100-day moving average, suggesting a modest cooling in momentum after recent record highs.

Sources: Bloomberg, LSE.

Market Watch

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