

Macroeconomic Review

April 2026

LIBERTY

Main Insights

- Annual inflation accelerated to 5.9% in April, mainly driven by higher global oil prices and increased domestic electricity tariffs.
- NBG increased its policy rate to 8.25% and, under its updated central scenario, expects another 25BP rate hike in 2Q26.
- Real GDP grew by 10.7% y/y in March, while 1Q26 growth reached 9.1%, indicating stronger-than-expected economic activity.
- International reserves rose by \$154 million to \$6.5 billion, just \$190 million below February's all-time high, with the decline mainly reflecting lower gold prices.

Report was created by Liberty Economics Team

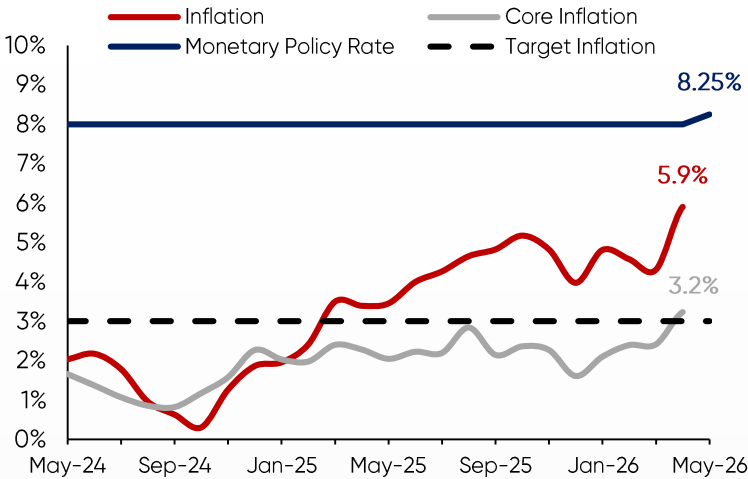
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Inflation Dynamics

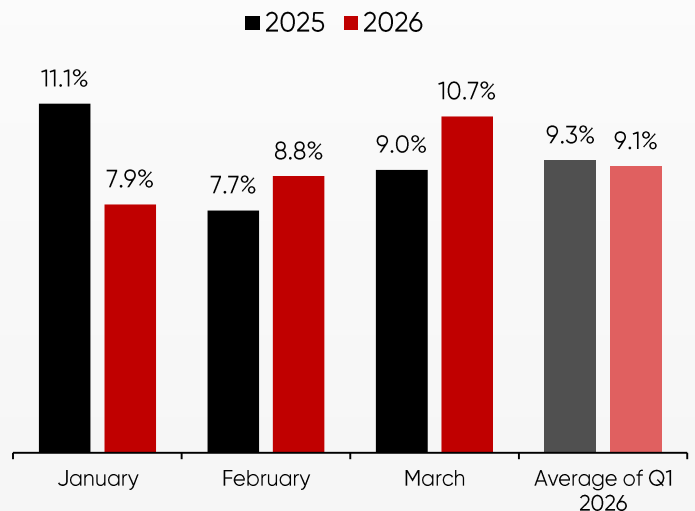


- In April, annual inflation accelerated to 5.9%, mainly driven by higher transportation costs (1.2pp vs 0.5pp last month) amid rising global oil prices, while increased domestic electricity tariffs pushed housing inflation higher (0.6pp vs 0.1pp last month).
- In response to mounting inflationary pressures, the NBG raised its policy rate by 25 bps to 8.25% in early May. The central bank expects the US-Iran conflict to end in 2Q26, although it emphasized high uncertainty and signaled readiness for further tightening if inflation risks intensify. Under its updated central scenario, the NBG expects another 25 bps rate hike in 2Q26.

Sources: Geostat, NBG.

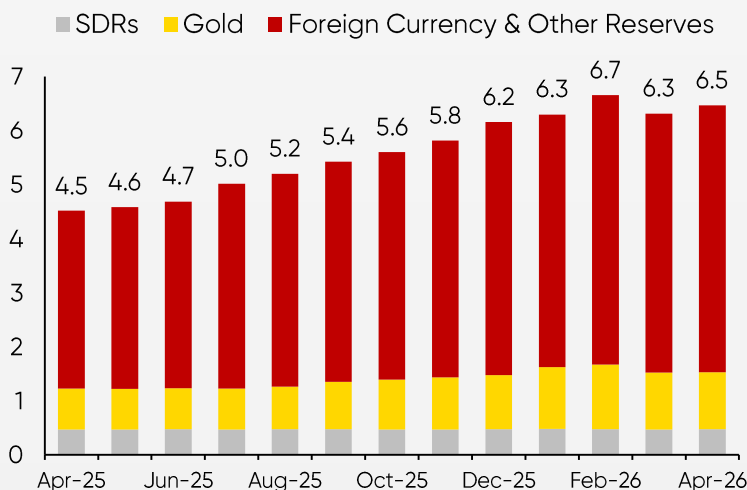
Real Economic Growth

- In March 2026, Georgia's real GDP increased by 10.7% year-over-year, marking the strongest growth since January 2025 and bringing 1Q26 average growth to 9.1%.
- The growth was mainly driven by strong performance in manufacturing, ICT, mining and quarrying, and construction, while declines were recorded in administrative and accommodation activities.
- Following stronger-than-expected real GDP growth in 1Q26, the National Bank of Georgia revised its 2026 growth forecast upward from 4.9% to 6.5%. Reflecting the robust start to the year and improving growth dynamics, we also raise our 2026 real GDP growth forecast from 6.0% to 7.0%.



Sources: Geostat, NBG.

NBG Reserves Dynamics (US\$ bln)

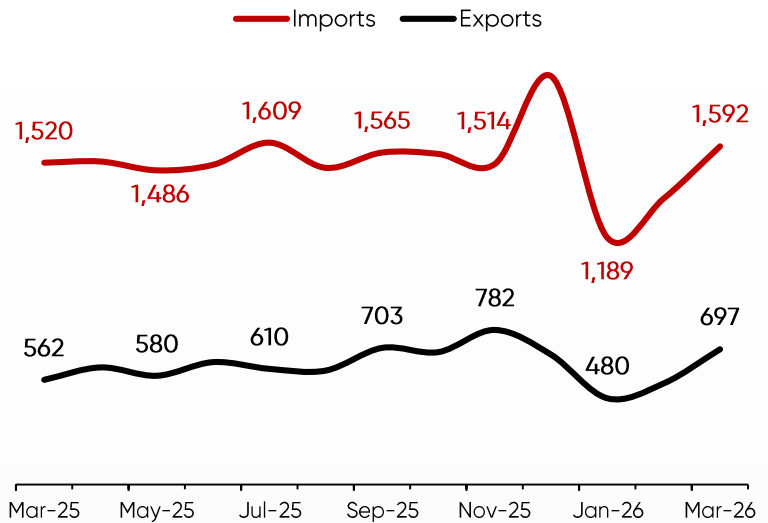


- National reserves reached \$6.5 billion in April, reflecting a month-on-month increase of \$154 million.
- Amid increased uncertainty and mild GEL depreciation, the NBG sold \$16 million in March through FX operations, helping stabilize the exchange rate.
- Compared to February's record high of \$6.7 billion, reserves in April were lower by around \$190 million. However, nearly \$140 million of this decline came from lower gold reserve valuations following a decline in gold prices. Therefore, foreign currency reserves remained close to pre-US-Iran war levels.

Source: NBG.

External Trade Dynamics (US\$ mln)

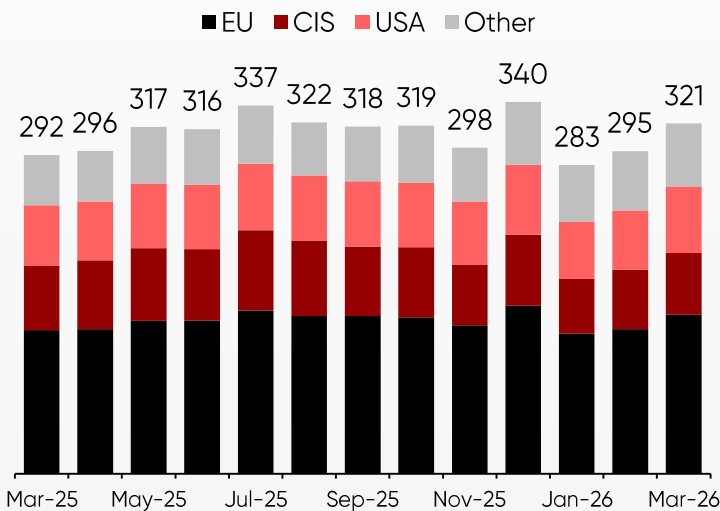
- In March, exports totaled \$697 million, marking a 24% y/y increase. The growth was primarily driven by a \$105 million rise in petroleum oil exports, alongside increases of \$31 million in precious metals and \$25 million in copper exports. These gains were partially offset by a \$67 million decline in motor car exports.
- Over the same period, Georgia's imports reached \$1.6 billion, increasing by 4.7% y/y. The growth was mainly driven by a \$70 million rise in crude oil imports, while petroleum oils and petroleum gas imports increased by \$30 million and \$20 million, respectively. Meanwhile, motor car imports declined by \$86 million.



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

Source: Geostat.

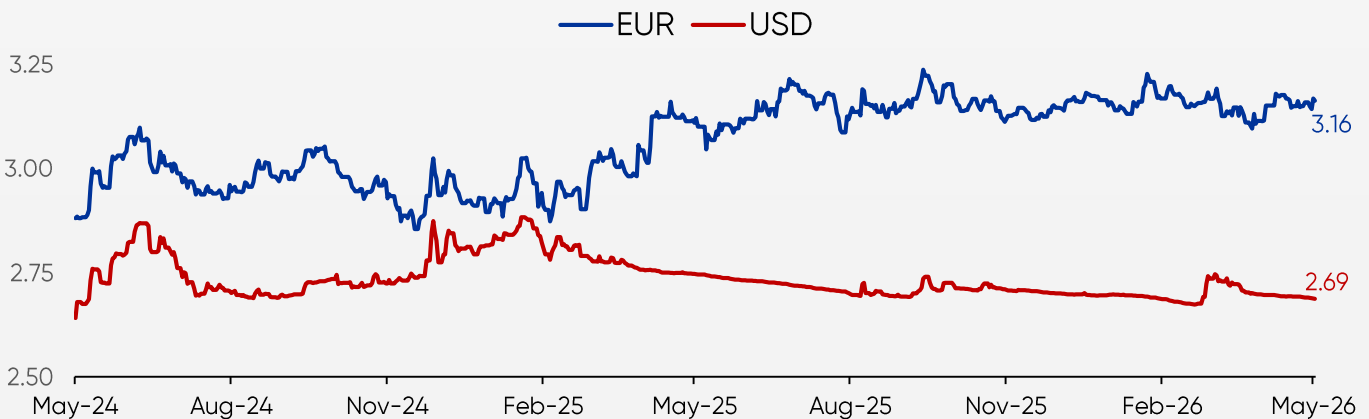
Money Transfers (US\$ mln)



- In March, remittance inflows to Georgia amounted to \$321 million, marking a 9.9% year-over-year increase.
- During the month, the largest annual increases originated from the United States and Israel, with inflows rising by \$6 million and \$5.4 million, respectively.
- The largest decline was recorded from Kyrgyzstan, with inflows decreasing by \$3 million.

Source: NBG.

Exchange Rate Dynamics



- As of May 7, the USD/GEL rate stood at 2.69 (down 0.4% MoM), while EUR/GEL was 3.16 (up 1.6% MoM).

Source: NBG.

Budget Performance

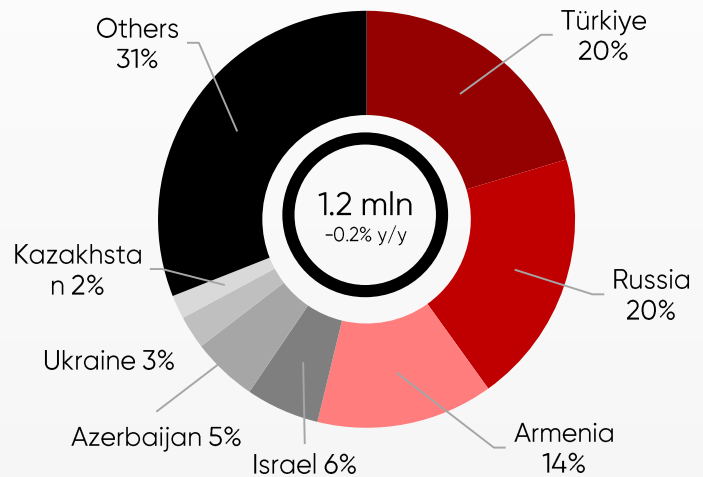
mln GEL	Budget	Fact	Performance
Personal Income Tax	2,030	2,118	104.4%
Profit Tax	945	1,007	106.6%
Value Added Tax (VAT)	2,020	2,061	102.0%
Excise Tax	520	560	107.7%
Import Tax	32	38	117.9%
Other Taxes	20	-191	NMF
Total Taxes	5,567	5,594	100.5%

- In the first quarter of 2026, Georgia's central budget recorded GEL 5.59 billion in tax revenues, reaching 100.5% of the planned target and increasing by 3.0% year-over-year.
- Total revenues exceeded the budget target by GEL 27 million. Personal income tax was the main driver, surpassing the plan by GEL 88 million. Profit tax, VAT, and excise tax revenues also exceeded the budget by GEL 62 million, GEL 41 million, and GEL 40 million, respectively.
- The only category that underperformed relative to the budget was Other taxes. This category includes taxes that have not yet been fully classified, and detailed information is not yet available.

Source: MoF.

International Visitors (1Q-26)

- In 1Q26, the number of international visitors reached 1.2 million, representing a year-on-year decline of 0.2%. The decline was mainly driven by a sharp drop in same-day visits (-19.0% y/y), while tourist trips increased by 4.0% y/y to 998K.
- The largest declines in visitor numbers were recorded from Armenia (-20K y/y) and Israel (-14K y/y), while Turkey and Russia posted the strongest increases, rising by 13K and 11K visitors, respectively.
- Over the same period, tourism revenues reached \$830 million (+0.5% y/y), as declines from Israel (-USD 15 million) and Iran (-USD 17 million), driven by the US-Iran conflict, were largely offset by stronger inflows from the EU (+USD 38 million).



Tbilisi Residential Real Estate

Source: GNTA,NBG.

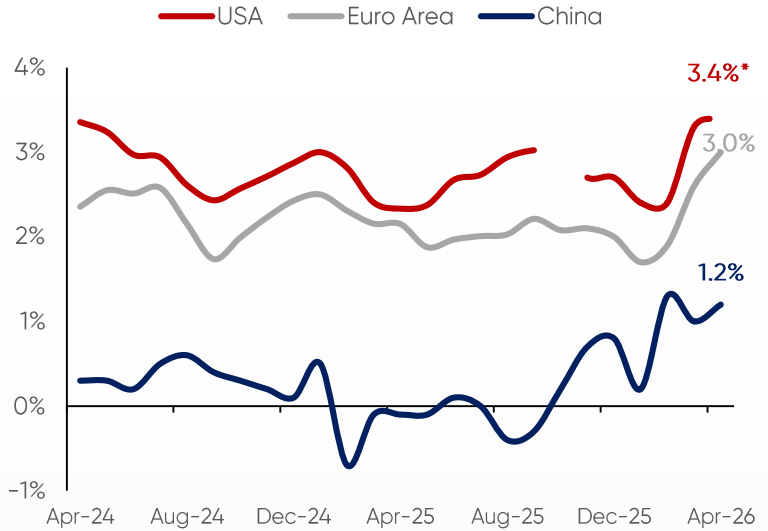
Tbilisi Residential Estate Market (Mar-25)			
AVG. Sell Price		Transactions	
\$1,244		3,913	
M/M	Y/Y	M/M	Y/Y
▼ 0.1%	▲ 4.7%	▲ 5.0%	▲ 30.9%
AVG. Rent Price		Rental Yield	
\$8.5		8.1%	
M/M	Y/Y	M/M	Y/Y
▲ 0.3%	▼ 8.3%	▼ 0.0PP	▼ 0.9PP

- In March 2026, Tbilisi's market size reached \$321 million, increasing by 5.0% month-over-month and by a strong 36.3% compared to the same period last year.
- Year-over-year growth in market size was mainly driven by a 30.9% y/y increase in transactions, while average selling prices rose by 5.0% y/y.
- Looking ahead, geopolitical uncertainty in the Middle East could further boost demand from Gulf buyers. According to local developers, interest from the region has already started to rise, supporting Georgia's real estate market.

Sources: Colliers, NBG.

Global Inflation Dynamics

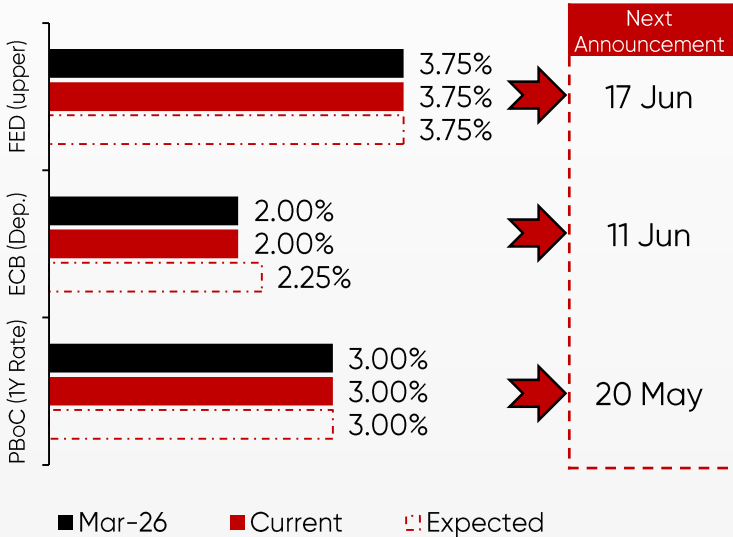
- U.S. inflation accelerated to 3.3% in March, in line with expectations and the highest since May 2024, mainly driven by higher energy prices amid the Iran conflict. Markets expect inflation to rise to 3.4% in April.
- Euro area inflation accelerated to 3.0% in April, slightly above expectations and the highest since September 2023. Despite higher headline inflation, core inflation eased to 2.2%, signaling softer underlying price pressures.
- China's inflation accelerated to 1.2% in April, driven by higher transport and energy costs amid Middle East supply disruptions. Meanwhile, April producer prices rose 2.8% y/y, marking the fastest increase since July 2022.



*Apr-26 figure of USA is Consensus forecast.

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 at 3.75% in April. Amid elevated Middle East uncertainty, markets now expect rates to remain unchanged through year-end. Jerome Powell is also expected to step down as Fed Chair, with Kevin Warsh likely to succeed him.
- The ECB kept its deposit rate unchanged at 2.00% in April, while officials highlighted rising inflation risks and weaker growth prospects. Markets now expect a 25bps rate hike at the next meeting.
- The PBoC kept key lending rates unchanged at record lows in April, maintaining a supportive policy stance to support growth and currency stability.

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

Market Watch

- The S&P 500 rose during the month, reaching a new all-time high and surpassing the 7,300 mark. The rally was supported by better-than-expected corporate earnings and improving investor sentiment amid expectations that the US-Iran conflict could end sooner than anticipated.
- Bitcoin rose by around 13% month on month, surpassing the \$80K threshold for the first time since January and returning to a bullish trend. Despite the strong recovery, the price remains well below its all-time high of above \$120K.

Market Watch (Closing Prices as of May 7, 2026)							
S&P 500		Gold		WTI Crude Oil		Bitcoin	
\$7,337		\$4,705		\$97.0		\$80.0K	
M/M	MA100	M/M	MA100	M/M	MA100	M/M	MA100
▲8%	\$6,875	▼0%	\$4,786	▲3%	\$78.3	▲13%	\$72.1K
TBC		BOG		GCAP			
£47.0		£115.8		£39.0			
M/M	MA100	M/M	MA100	M/M	MA100		
▲0%	\$43.4	▲7%	\$100.7	▼3%	\$39.7		

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

Source: Bloomberg.

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