

Macroeconomic Review

November 2025

LIBERTY

Main Insights

- Annual inflation declined in November to 4.8%, in line with our projections.
- NBG kept its monetary policy rate at 8%, and we expect no changes at the next meeting.
- Real GDP grew by 6.0% year-on-year in October, marking the slowest month of 2025.
- International reserves rose by \$213 million to a record-high \$5.8 billion in October. The increase in reserves was the main factor behind Fitch upgrading Georgia's outlook to Stable.
- Markets expect another 25 bp cut from the Fed at the next meeting.

Report was created by Liberty Economics Team

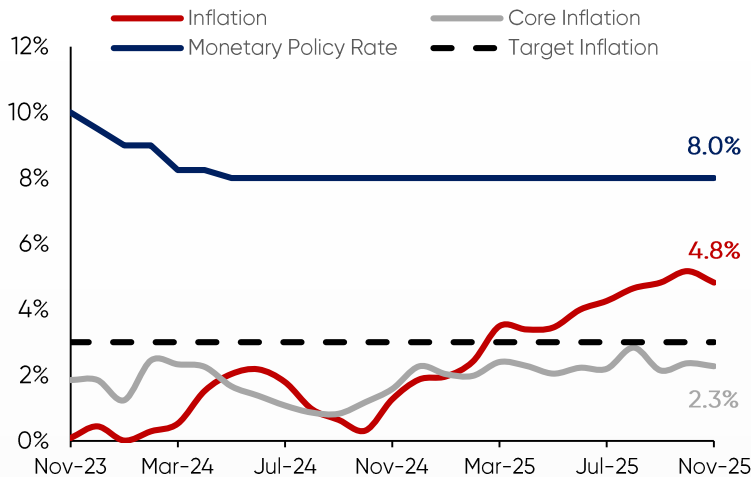
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Inflation Dynamics



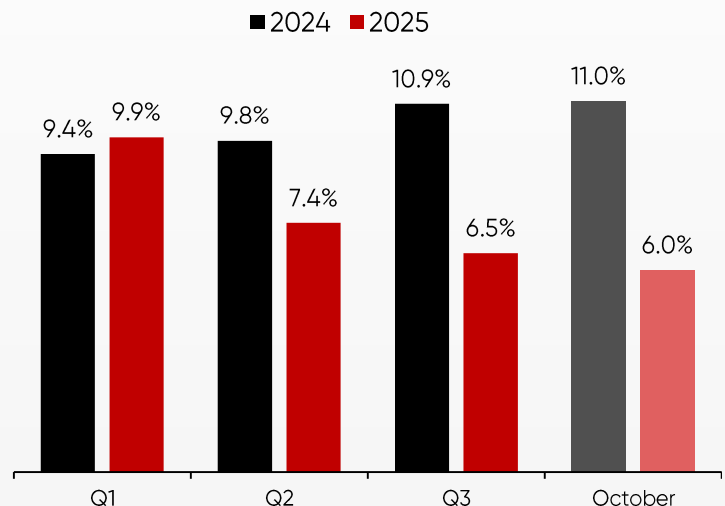
*Including products that are imported as well as those produced domestically.

Sources: Geostat, NBG.

- Inflation amounted to 4.8% in November, driven mainly by higher food (+3.48pp) and healthcare (+0.66pp) prices.
- Domestic inflation stood at 6.4% (3.9pp contribution), mixed* inflation at 5.8% (1.7pp), while imported inflation remained low at 0.8% (0.2pp).
- The beginning of disinflation aligns with our projections. We expect inflation to gradually decline toward the 3% target by late Q2 2026. This trajectory should create the room for the NBG to begin easing policy, delivering around 50 bp of rate cuts in the second half of 2026.

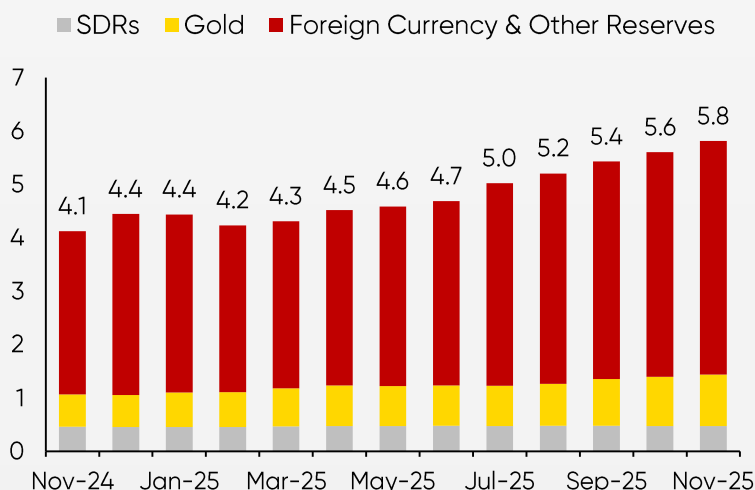
Real Economic Growth

- Georgia's real GDP grew 6% year-on-year in October, marking the slowest month of 2025, yet cumulative growth for the first ten months remained strong at 7.6%, outperforming forecasts from major economic institutions.
- In October, ICT and transportation saw the strongest gains, while construction and energy weakened.
- According to the Ministry of Finance's updated forecast, Georgia's economy is expected to grow by 7.2% in 2025 and 5.0% in 2026. According to our forecast, economic growth will strengthen in the final months of the year, and the 2025 outcome is likely to exceed the expectations of major financial institutions.



Sources: Geostat, NBG.

NBG Reserves Dynamics (US\$ bln)

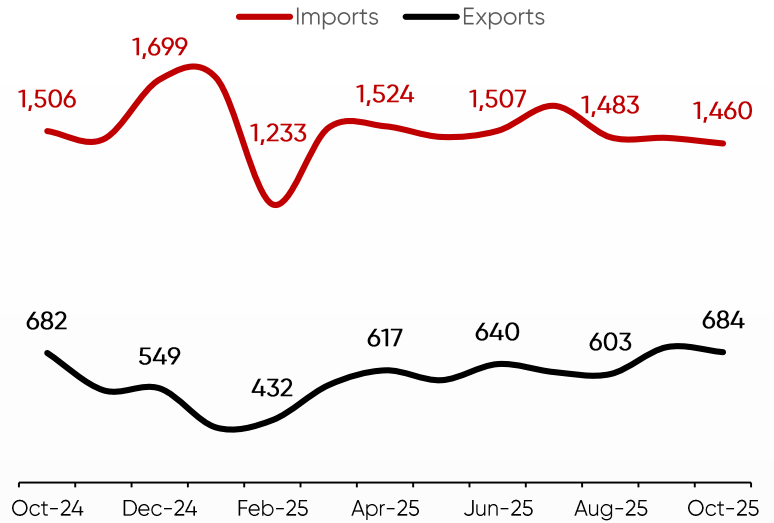


- National reserves reached a record \$5.8 billion in November, increasing by \$213 million from the previous month.
- NBG accumulated \$1.7 billion year-to-date through FX operations, including \$167 million purchased in October via the Bmatch platform.
- Reserves are up 41% year-over-year, driven by a 32pp rise in foreign currency assets and a 9pp boost from higher gold prices. This strengthening of external buffers also contributed to Fitch upgrading Georgia's outlook from Negative to Stable during the month.

Source: NBG.

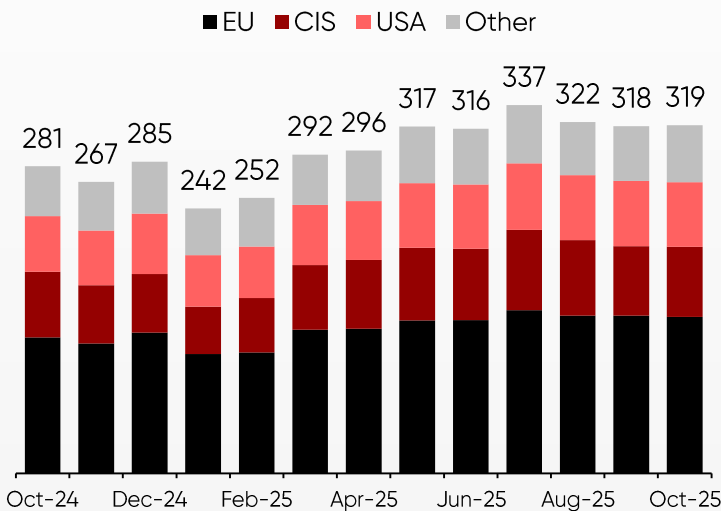
External Trade Dynamics (US\$ mln)

- In October, exports totaled \$684 million, up 0.4% y/y, with the largest positive contribution coming from a \$45 million increase in re-exports of motor cars, while the biggest drag was a \$61 million decline in ferro-alloy exports.
- Imports to Georgia totaled \$1.46 billion, down 3.1% y/y, with the largest negative impact coming from a \$108 million decline in car imports, while the strongest increase came from a \$46 million rise in petroleum oil imports.



Source: Geostat.

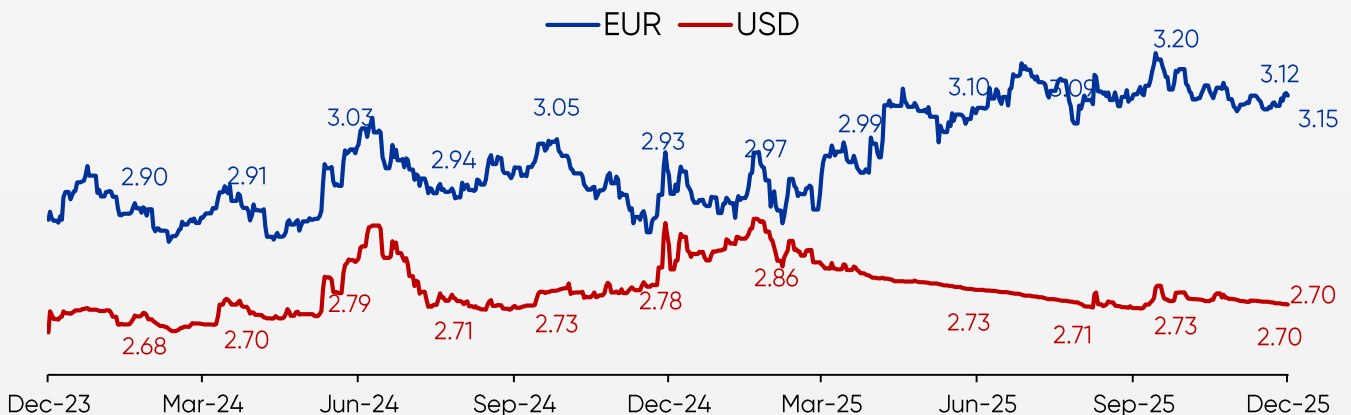
Money Transfers (US\$ mln)



- In October, remittance inflows to Georgia amounted to \$319 million, marking a 13.4% year-over-year increase.
- Money transfers reached \$3.0 billion in the first ten months of 2025, representing a 7.1% annual increase, or \$200 million more than the corresponding period in 2024.
- The largest increases came from the US (+\$8.4 mln) and Russia (+\$6.9 mln).
- We expect the elevated level of remittances to persist through the final two months of the year, bringing the annual total to around \$3.7 billion.

Sources: Geostat, NBG.

Exchange Rate Dynamics



- As of December 5, the USD/GEL rate stood at 2.70 (down 0.3% MoM), while EUR/GEL was 3.15 (up 0.9% MoM).

Source: NBG.

Budget Performance

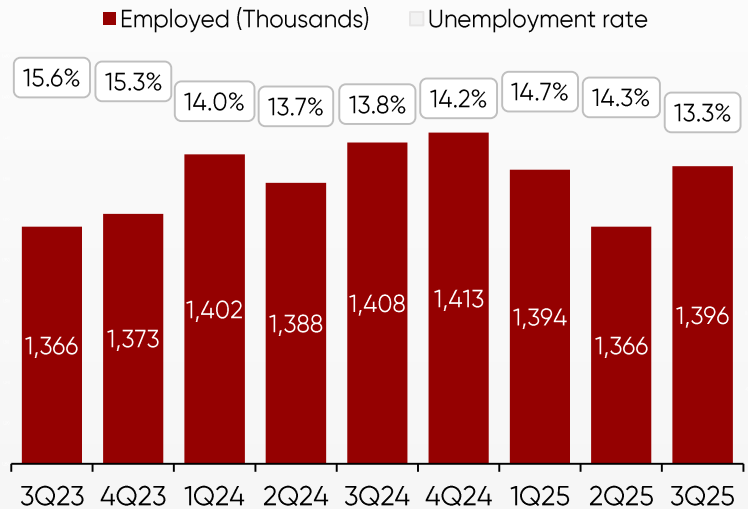
mIn GEL	2024-10M	2025-10M	Growth
Taxes	19,059	20,944	9.9%
Personal Income Tax	5,990	6,814	13.8%
Profit Tax	2,629	2,342	-10.9%
Value Added Tax (VAT)	7,716	8,286	7.4%
Excise Tax	2,022	2,147	6.2%
Import Tax	113	120	6.1%
Property Tax	545	613	12.6%
Other Taxes	45	621	1277.9%

- In the first ten months of 2025, Georgia's general budget recorded 20.9 billion GEL in tax revenues, reflecting a 9.9% increase compared to the same period last year.
- The main drivers of this growth were an 824 million GEL rise in personal income tax, a 570 million GEL increase in VAT, and a 576 million GEL gain across other tax categories.
- The "Other Taxes" category reflects revenues not yet fully classified. Once the Ministry of Finance updates these entries, the tax structure will present a more accurate and reliable picture.

Source: MoF.

Labor Market

- In Q3-25, the unemployment rate fell by 0.5pp y/y to a record low of 13.3%.
- The number of unemployed decreased by 12.1K, while employment fell by 11.7K y/y, driven by a 14.3K drop in self-employment, partly offset by a 2.6K increase in other groups.
- The drop in unemployment didn't reflect stronger hiring, as the labor force shrank by 23.8K, indicating the decline was driven by reduced participation rather than increased labor demand.



Tbilisi Residential Real Estate

Source: Geostat.

Tbilisi Residential Estate Market (Oct-25)			
AVG. Sell Price		Transactions	
\$1,202		4,178	
M/M	Y/Y	M/M	Y/Y
▲15%	▲12.5%	▲3.1%	▲9.0%
AVG. Rent Price		Rental Yield	
\$8.7		8.2%	
M/M	Y/Y	M/M	Y/Y
▼0.9%	▼12.6%	▼0.03PP	▼0.1PP

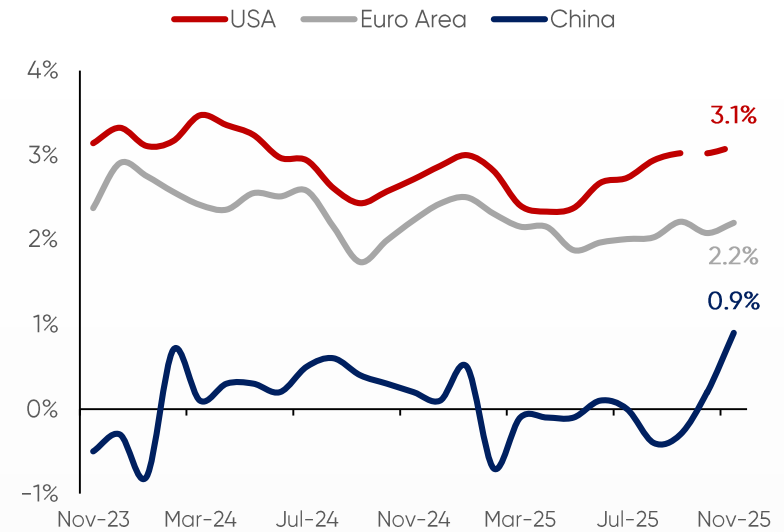
- In October, Tbilisi's market size reached \$336 million, rising 8.5% month-over-month and 25.2% year-over-year, marking the strongest level in seven years.
- The number of transactions in new projects in Tbilisi rose 13.1% year-over-year. Primary market sales of newly built flats increased 12.1%, while secondary market transactions grew 14.6%. In contrast, transactions in old projects declined by 4%.

Sources: Colliers, NBG.

Global Inflation Dynamics

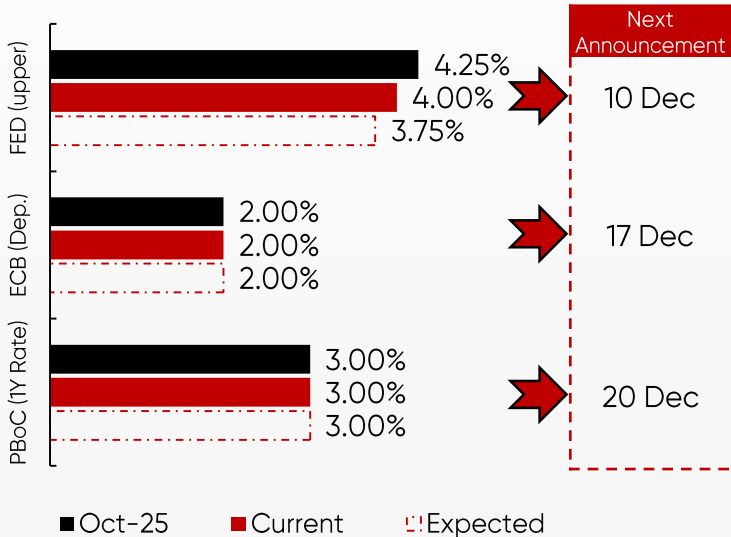
- U.S. inflation stayed above the Fed's target in September, rising to 3% on stronger energy prices. With October data unavailable due to the shutdown, early estimates suggest inflation will remain above 3% in November.
- Euro area inflation stabilized near the ECB's 2% target, edging up to 2.2% in November. The slight increase was mainly driven by elevated services inflation at 3.5%.
- China's inflation turned positive in October, rising to 0.2% on stronger holiday demand and firmer non-food prices. Forecasts point to a further pickup in November, with consensus expecting around 0.9%.

Note: Nov-25 figure of USA & China are expectations.



Sources: Eurostat, US Bureau of Labor Statistics, National Bureau of Statistics of China.

Monetary Policy Rate Trends and Expectations



- Fed has cut rates twice this year amid the weakest labor market since the pandemic. September's 119K payroll gain shows gradual stabilization, yet markets still expect another cut at the next meeting.
- Euro area policy rates, inflation, GDP growth, and unemployment are all near neutral levels, and with conditions steady, ECB officials and institutions expect no change in the deposit rate ahead.
- Bank of China kept rates unchanged for a sixth month as growth and credit remain soft, and with little pressure for further easing, the 3% LPR is expected to stay in place next month.

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

Market Watch

- The S&P 500 rose 2% m/m to 6,870, nearing its all-time high. The index briefly fell toward 6,500 in mid-November as mixed Fed signals created uncertainty about the December meeting, but strengthening rate-cut expectations supported a rebound.
- Bitcoin fell 10% m/m to \$91K, with a sharp selloff pushing prices below \$85K in mid-November as uncertainty over the Fed's December decision intensified. After the initial drop, the price rebounded slightly into month-end.

Market Watch (Last Prices as of December 5, 2025)							
S&P 500		Gold		WTI Crude Oil		Bitcoin	
\$6,870		\$4,210		\$59.43		\$91.9K	
M/M	MA100	M/M	MA100	M/M	MA100	M/M	MA100
▲2%	\$6,750	▲5%	\$4,209	▼0%	\$59.23	▼10%	\$90.6K
TBC		BOG		G Capital			
£40.5		£93.4		£29.0			
M/M	MA100	M/M	MA100	M/M	MA100		
▲6%	\$39.7	▲23%	\$88.4	▲13%	\$27.5		

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

Source: NBG.

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