



Macroeconomics Review

May 2025

Monetary Policy	<u>Inflation Rates</u>	Annual inflation was 3.5% in May, up 0.1pp from the previous month.
	<u>Refinance Rates</u>	The ECB lowered its monetary policy rate by 25 BP at its last meeting.
	<u>International Reserves</u>	International reserves rose by \$67 million in May, reaching \$4.58 billion.
Macroeconomic Outlooks	<u>Real GDP</u>	Real GDP witnessed a 7.5% annual growth in April.
	<u>Labor Market</u>	In the first quarter, the unemployment rate amounted to 14.7%.
	<u>Residential Real Estate</u>	Tbilisi's real estate market size amounted to \$244 mln in April (+6% y/y).
External Trade	<u>Exports Dynamics</u>	Exports experienced an 41% increase from the previous year in April.
	<u>Imports Dynamics</u>	Annually, April Imports have shown a 3.6% decrease.
	<u>Other Observations</u>	Motor car exports increased by 91% compared to the previous year.
Additional Observations	<u>FDI</u>	FDI in 1Q-25 amounted to \$179 mln, 8% decrease from 2024 figure.
	<u>Exchange Rates</u>	GEL appreciated by 0.57% against the USD in May.
	<u>Market Watch</u>	S&P 500 rose by 7% to \$6,000, Bitcoin up by 4% to \$107,000.

Report was created by Macroeconomics & Research Unit

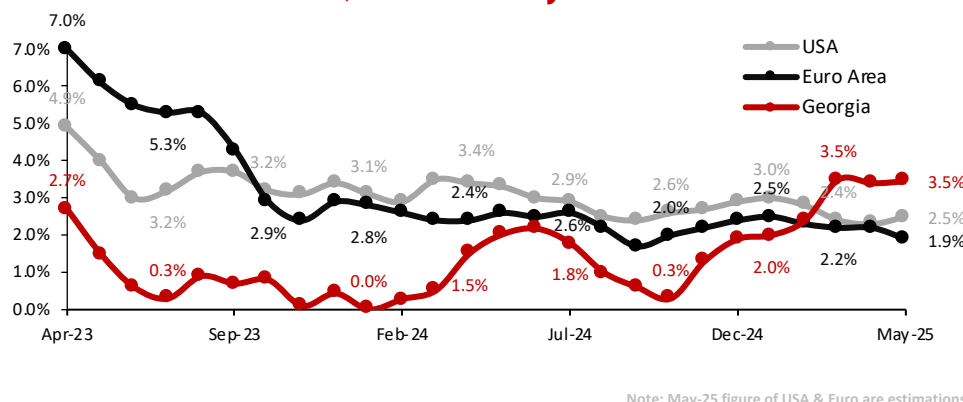
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Y/Y Inflation Dynamics

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

Inflation

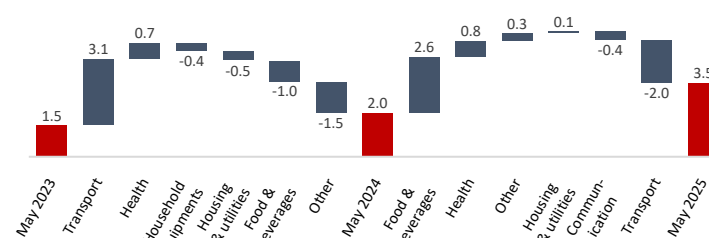


Note: May-25 figure of USA & Euro are estimations

- In May, Georgia's annual inflation rose to 3.5%, driven mainly by higher prices in food and non-alcoholic beverages (+2.82pp contribution) and healthcare (+0.75pp).
- Domestic inflation amounted to 4.9% (2.3PP contribution in total) in May, mixed* 5.8% (1.7PP) and imported -2.0% (-0.5PP).
- Monthly inflation amounted to 0.4%, mainly influenced by price changes for the Food and non-alcoholic beverages (0.51PP).

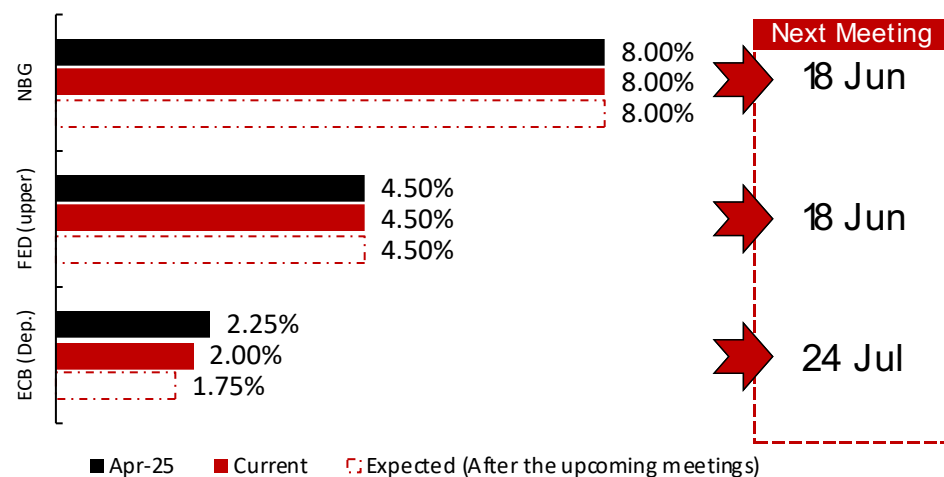
*Including products that are imported as well as those produced domestically.

Sources: Geostat, Eurostat, US Bureau of Labor Statistics



Reference Rate Trends and Expectations

Refinance Rates



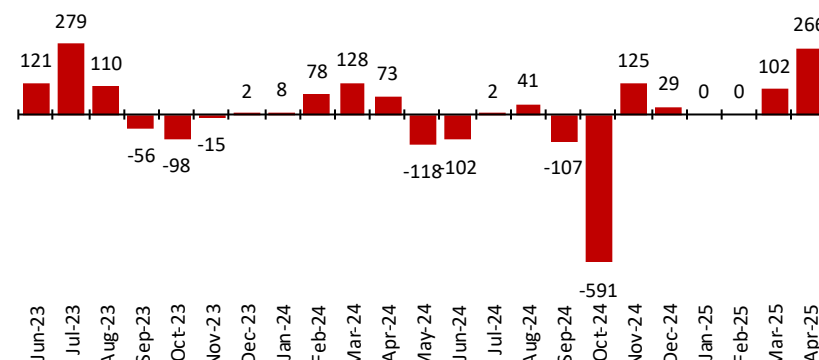
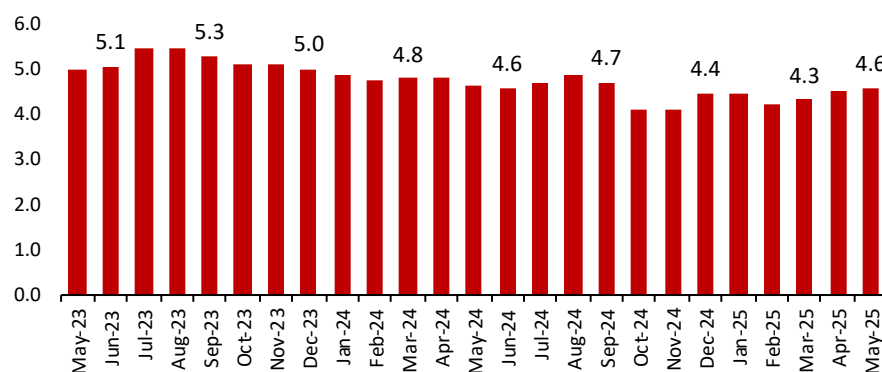
- This month, inflation in Georgia was 3.5%, slightly higher than last month's 3.4%. With inflation still above the NBG's target rate of 3%, there is no expectation of a rate cut.
- Due to strong job data, including positive job openings and nonfarm payrolls reports and inflation above the Fed's 2% target at 2.3%, with expectations for a higher reading in May, there are no expectations of a rate cut. The Fed is likely to maintain its current stance as economic conditions remain strong, with inflation above target.
- The ECB lowered its deposit facility rate by 25 bps to 2.0%, continuing its monetary easing cycle. Policymakers signaled that they are nearing the end of this cycle, with expectations that the next rate cut will occur at the upcoming meeting, after which no further cuts are anticipated.

Sources: NBG, Bloomberg, ECB

NBG Reserves Dynamics (US\$ bln)

NBG Net Purchases (US\$ mln)

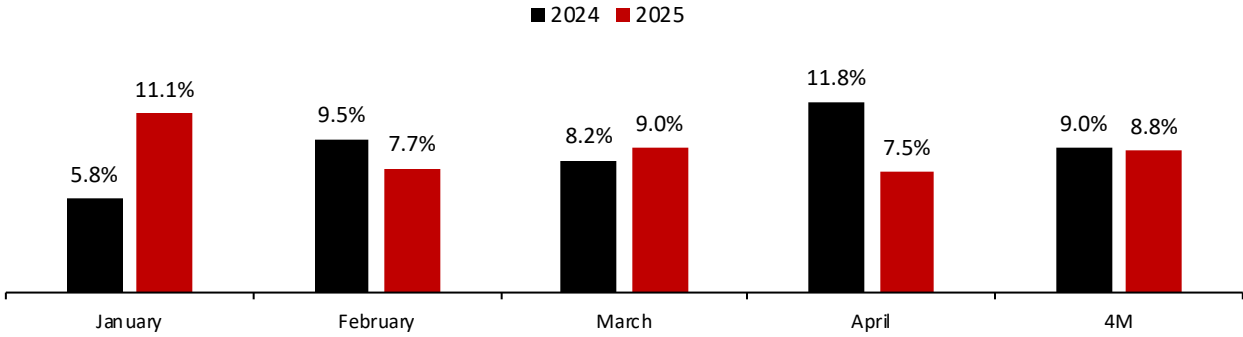
International Reserves Dynamics



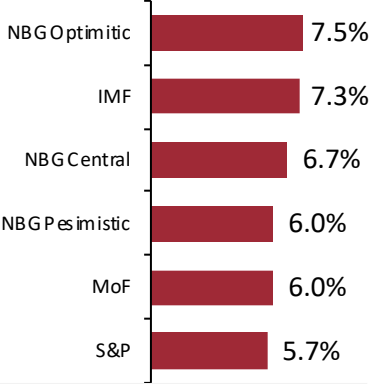
- As of May, national reserves amounted to \$4.58 billion, reflecting an increase of \$67 million from the previous month.
- In April, the NBG purchased \$266 million via the Bmatch platform.
- Year-over-Year national reserves decreased by \$15 mln.

Source: NBG

Y/Y Real GDP Estimated Growth



Forecasts for 2025:

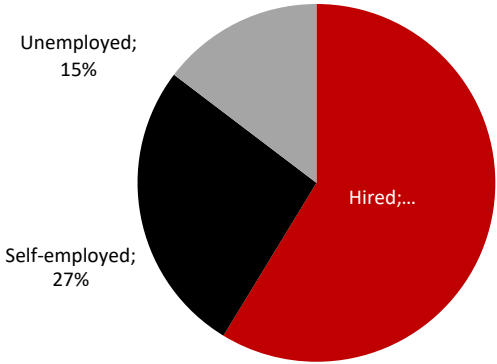


- Yearly real GDP experienced 7.5% growth in April. The highest growth was registered in following ICT and Financial and Insurance activities.
- The IMF has increased Georgia's 2025 GDP growth forecast from 6.0% to 7.3%, citing strong early-year performance. Last month, both the NBG and MoF also raised their projections.

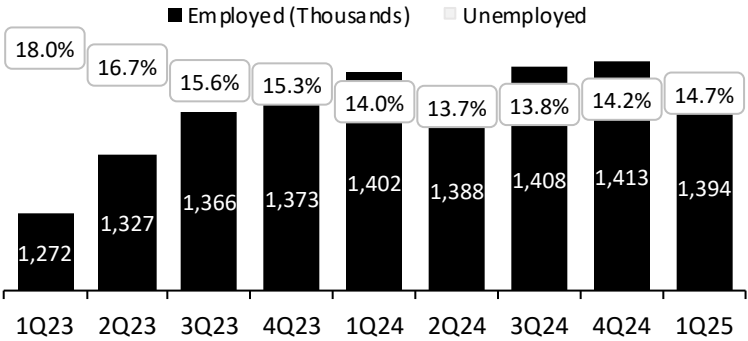
Sources: Geostat, NBG, MoF, S&P Global

Real GDP Growth Dynamics

Labor Force Distribution (Q1-25)



Population Distribution by Employment Type (%)

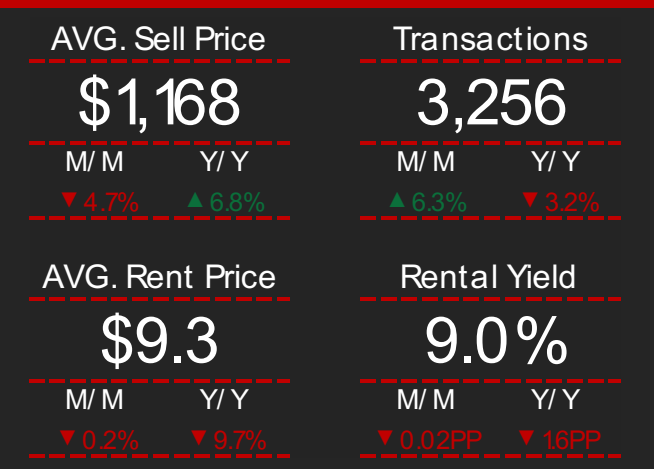


- In Q1, the unemployment rate was 14.7%, and employment fell 7.6K y/y due to a 13.5K drop in self-employed, partly offset by a 5.3K rise in hired.

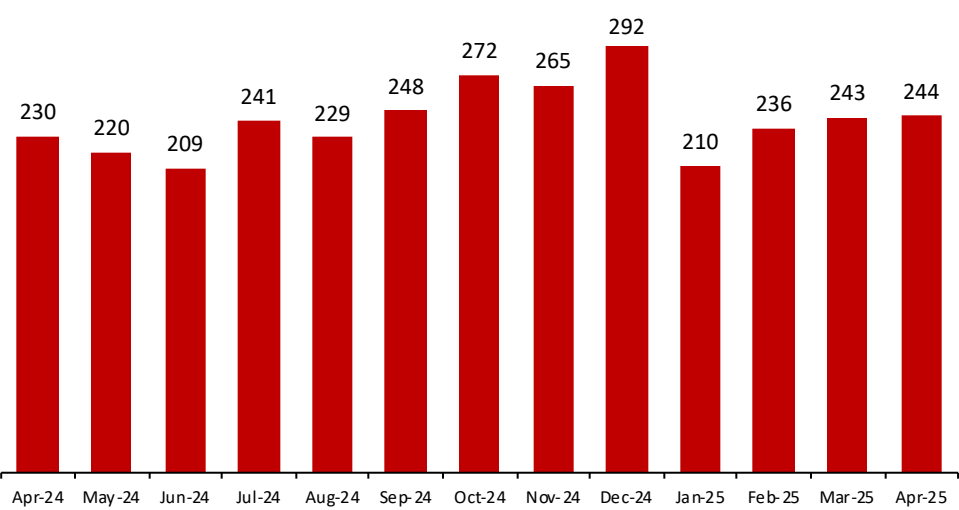
Source: Geostat

Labor Market

Tbilisi Residential Estate Market (Apr-25)



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



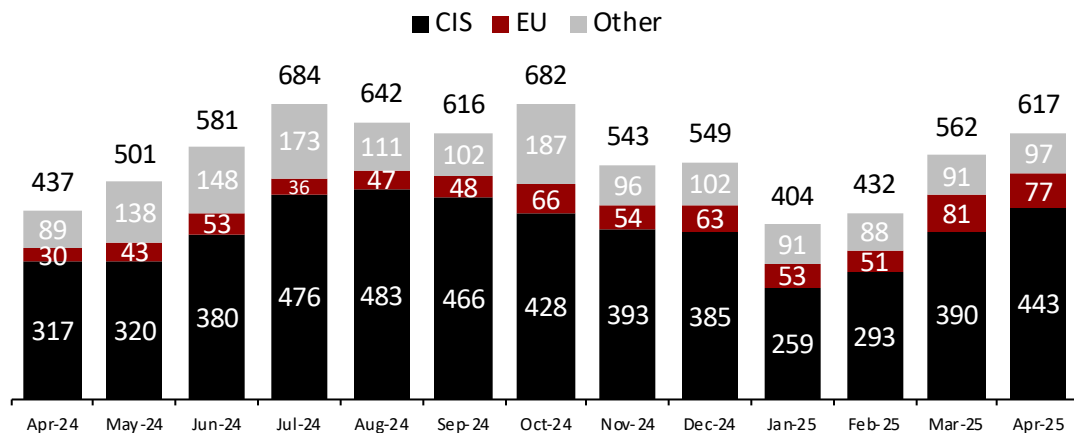
- In Apr-25, the market size in Tbilisi amounted to \$244 mln and saw 0.2% m/m and 6% y/y increase.
- In Tbilisi, during the first quarter of 2025, the number of residential building permits declined by 8% year-on-year to 873, while the permitted area rose by 0.7% to 1,123 thousand square meters.

Source: Colliers, Geostat.

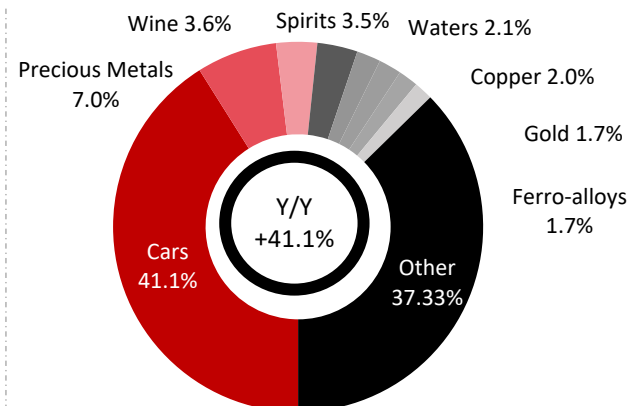
Tbilisi Residential Real Estate Market

Export Dynamics

Export Dynamics (US\$ mln)



Exports by Products

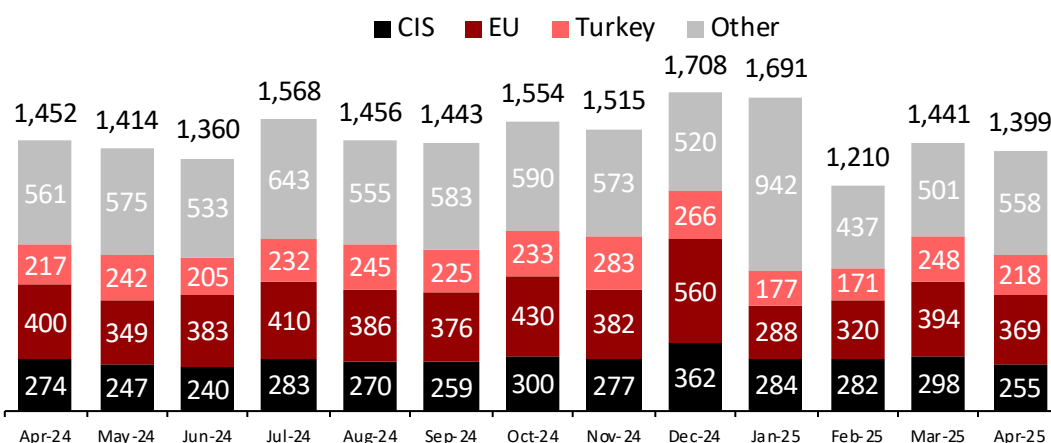


- In April, exports totaled \$617 million, marking a 41.1% increase compared to the same period last year. Exports to the EU rose by 154.4%, while exports to CIS countries increased by 39.4%.
- Key contributors to this increase were Motor Cars (+27.5 PP effect in total) and Precious metals (+8.5PP), while Wines (-4.8PP), had the biggest negative impact.

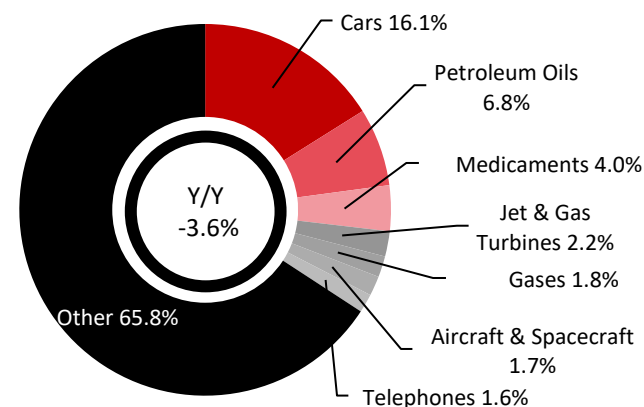
Source: Geostat

Import Dynamics

Import Dynamics (US\$ mln)



Imports by Products

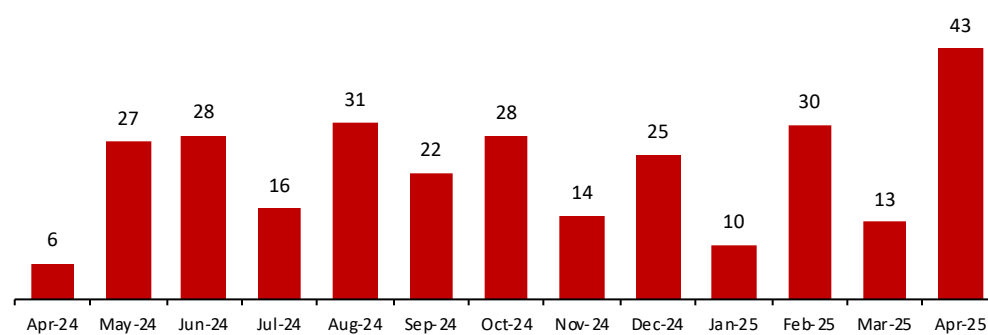


- Imports to Georgia amounted to \$1.39 bln in April illustrating a 3.6% decrease from March 2024.
- Key contributors to this decrease were Data Machines (-3.2PP effect in total growth) and Petroleum Oils (-3.2PP).

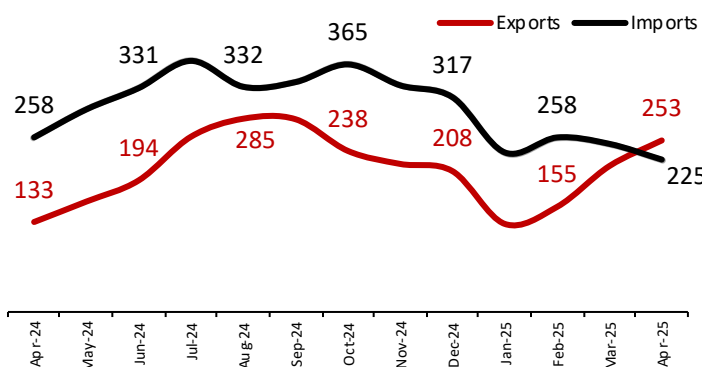
Source: Geostat

Other Observations

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



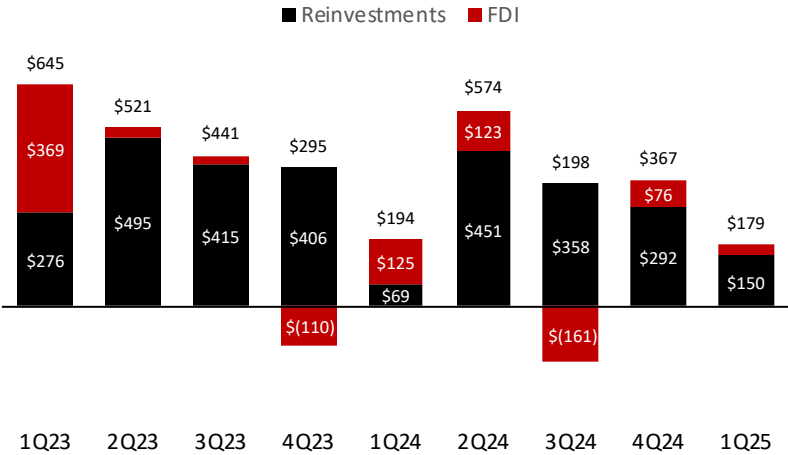
Car Trade Dynamics Over the Last Months (US\$ mln)



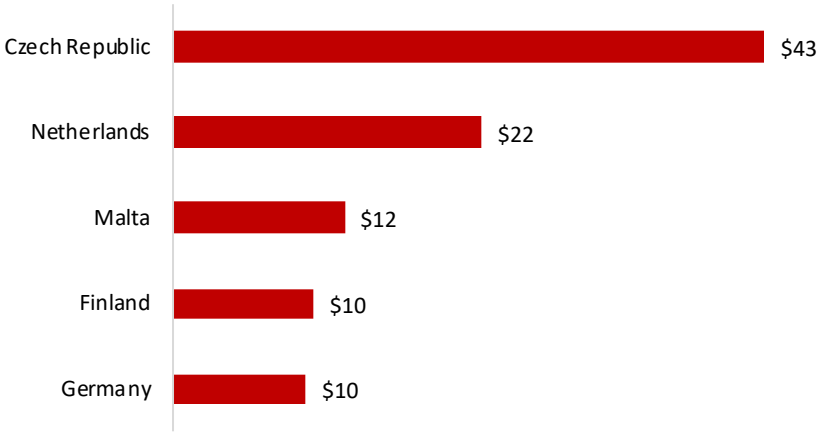
- Compared to April 2024, exports of Precious Metals Increased by 589%.
- Motor car exports increased by 90.7% compared to the previous year, while imports decreased by 12.7%; however, import figures are subject to revision and are likely to increase.

Source: Geostat

FDI and Reinvestments in Georgia (US\$ mln)

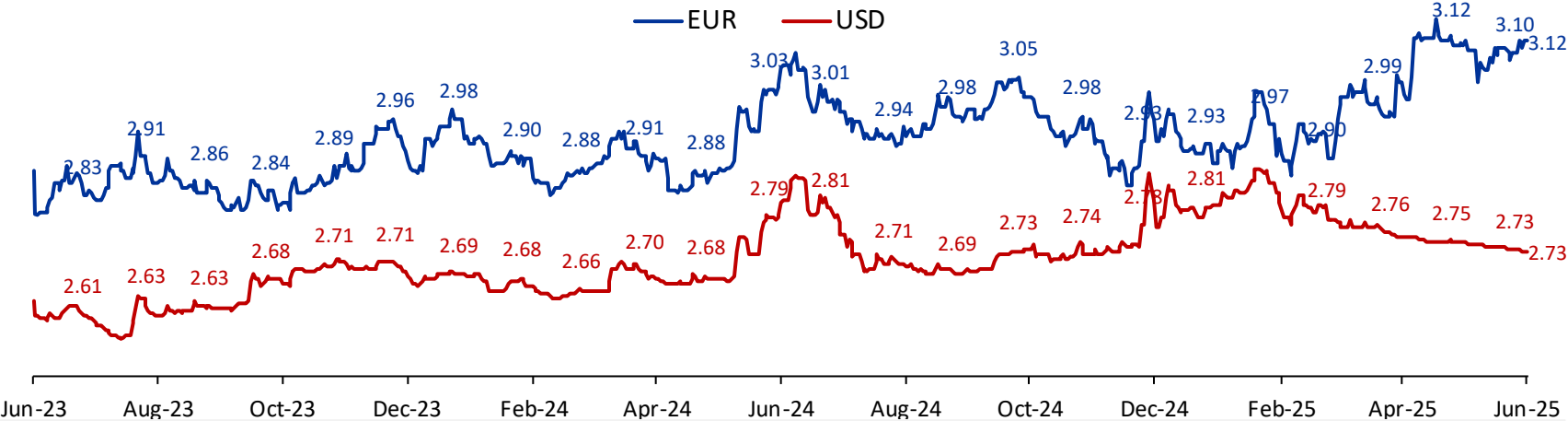


Major Investor Countries (US\$ mln ; Q1-25)



- In 1Q25, FDI amounted to \$179 million, reflecting a 7.7% decrease compared to the same period last year.
- The Czech Republic was the major foreign direct investor in 1Q25, with \$43 million (23.9% of the total). The Netherlands followed with \$22 million (12.5% of the total), and Malta came third with \$12 million (6.9% of the total).

GEL Exchange Rate Dynamics



- In May, GEL appreciated by 0.57% against the USD and by 0.86% against the Euro.

Sources: NBG, G&T

Market Watch (Last Prices as of June 9, 2025)

S&P 500		Gold		WTI Crude Oil		Bitcoin	
\$6,000		\$3,335		\$64.89		\$106,994	
M/ M	MA100	M/ M	MA100	M/ M	MA100	M/ M	MA100
▲ 7%	\$5,920	▲ 0%	\$3,377	▲ 7%	\$63.46	▲ 4%	\$104,766
TBC		BOG		G Capital			
£45.1		£69.0		£18.9			
MoM	MA100	MoM	MA100	MoM	MA100		
▲ 3%	\$45.0	▲ 6%	\$67.4	▼ 2%	\$18.92		

MA100 is the moving average price over the last 100 days

- S&P 500 rose by 7% m/m to \$6,000, driven by cooling inflation, strong corporate earnings, and renewed optimism after the U.S. and China formally began rolling back tariffs under a new 90-day accord.
- WTI Crude Oil rose by 7% m/m to \$64.89, supported by robust summer demand, OPEC+'s continued quota discipline, and geopolitical tensions around key supply routes adding a modest risk premium to oil markets.
- Bitcoin climbed 4% m/m to \$106,994, fueled by continued institutional ETF inflows, improving macro conditions, and growing investor confidence.

Sources: Bloomberg, LSE.

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