



Research

GEORGIA MACRO OVERVIEW

Issue 9

December 2025

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MAIN FINDINGS

From January to October 2025, **Georgia's economy grew by 7.6%**. While YoY growth was robust, it was still below the previous year's pace. Key growth contributors were the **ICT** and **education** sectors, accounting for 22.8% and 12.8% of growth, respectively. **Services exports** and other **external inflows** supported economic activity, with total **FDI** increasing by 11.0% YoY and **tourism revenues** rising by 5.1% YoY.

• These factors present **positive developments** of 2025:

- **Increased trade turnover:** In the first 10M 2025, Georgia's trade turnover increased by 8.6% year-over-year (YoY), driven by 9.3% rise in imports and 6.8% increase in exports.
- **Increase in FDI:** In the first 9M 2025, total foreign direct investment increased by 11.0% YoY, even though it recorded a 15.5% decrease in the first half of the year.
- **Strong growth in tourism income:** In the first 9M 2025, income from international travel increased by 5.1% YoY, reaching USD 3.6 billion.
- **Monetary buffers strengthened:** International reserves increased steadily during 2025, reaching USD 5.8 billion by November, supported by active reserve accumulation by the National Bank of Georgia (NBG).

• These factors present **adverse developments** of 2025:

- **Inflationary pressures:** Headline inflation exceeded the 3% target throughout most of the year, peaking in October 2025, driven mainly by food price inflation and external price shocks.
- **Slower private sector credit growth:** averaging 16.4% in the first 10M 2025 and falling to 13.3% YoY by October, signalling a moderation in economic activity.
- **Labor demand weakened:** The number of vacancies declined in the first 10M 2025 by 7.3%, reflecting weaker labor demand despite continued economic growth.
- **External trade imbalances widened:** The trade deficit expanded by 11.1% YoY in the first 10M 2025, as imports grew faster than exports, with export growth driven by re-exports.

Outlook for the end of 2025 and 2026.

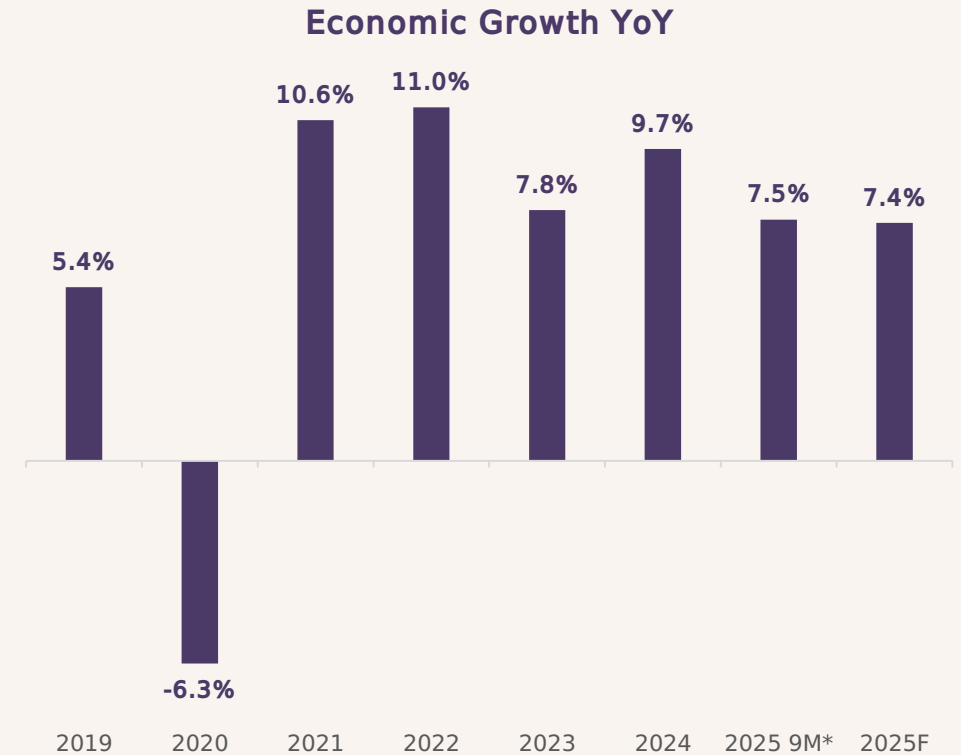
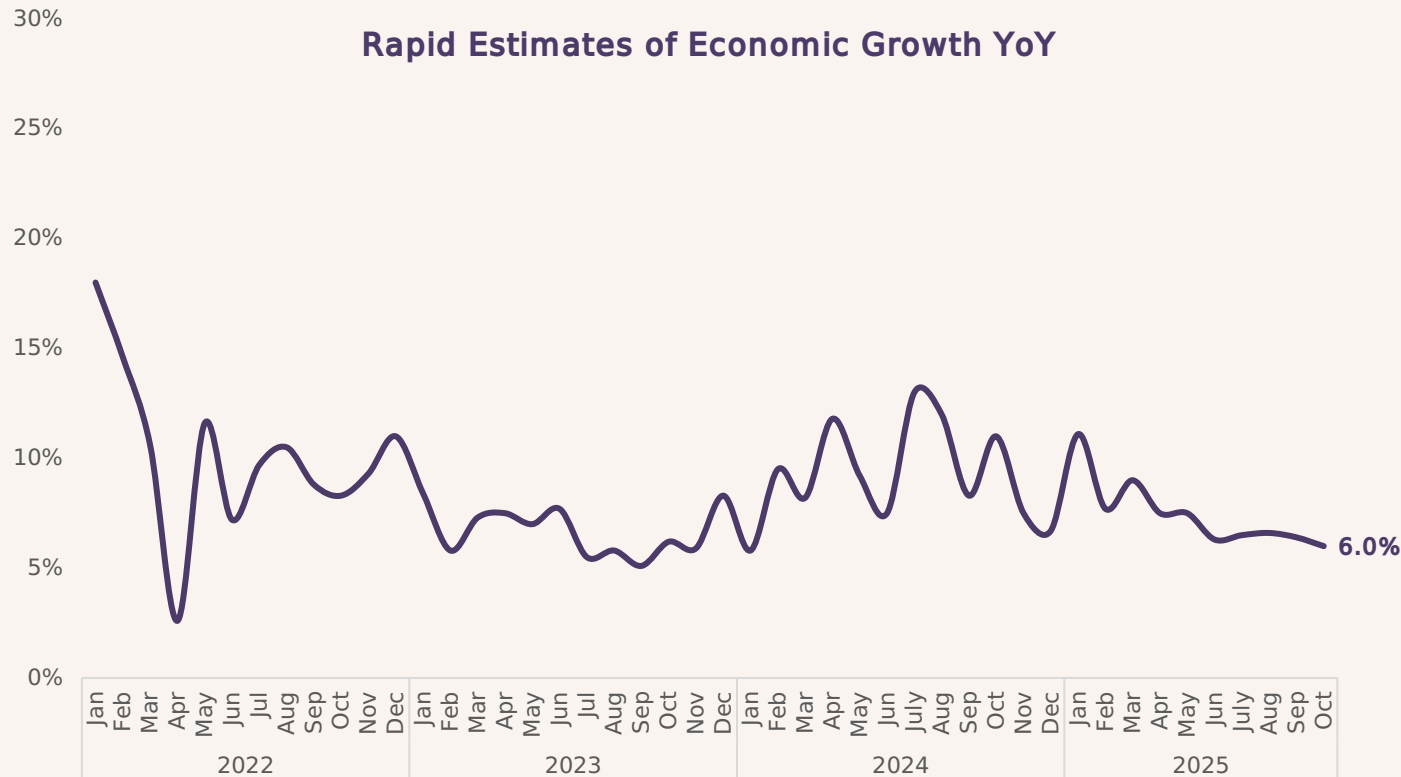
- **Growth.** Economic growth is expected to moderate gradually. The NBG projects GDP growth of 7.4% in 2025, with a further slowdown expected in 2026.
- **Inflation.** Inflation is expected to remain elevated through the end of 2025 at around 4.0% before easing to 3.5% in 2026, according to the NBG forecast.
- **Monetary policy.** Monetary policy is expected to remain cautious.

Amid persistent inflationary pressures and global uncertainty, the policy rate is likely to remain unchanged in the near term, with any easing contingent on a sustained decline in inflation.

- **Risks.** External risks remain elevated. Slower global growth, geopolitical tensions, and ongoing trade fragmentation continue to pose downside risks to the medium-term outlook.



ECONOMIC GROWTH: PERFORMANCE IN 2025



- From January to October 2025, average **real GDP growth** in Georgia amounted to 7.6%, marking a decrease compared to the 9.6% growth recorded in the same period of 2024.
- The highest growth rates were observed in January and March 2025, at 11.1% and 9.0%, respectively.

- In July, the National Bank of Georgia has revised the 2025 growth forecast upward, from 6.7% to 7.4%.
- **Robust ICT services exports** and increase in **household spendings** are key factors behind the higher-than-expected growth rate.

* Preliminary data; F: Forecast by the National Bank of Georgia



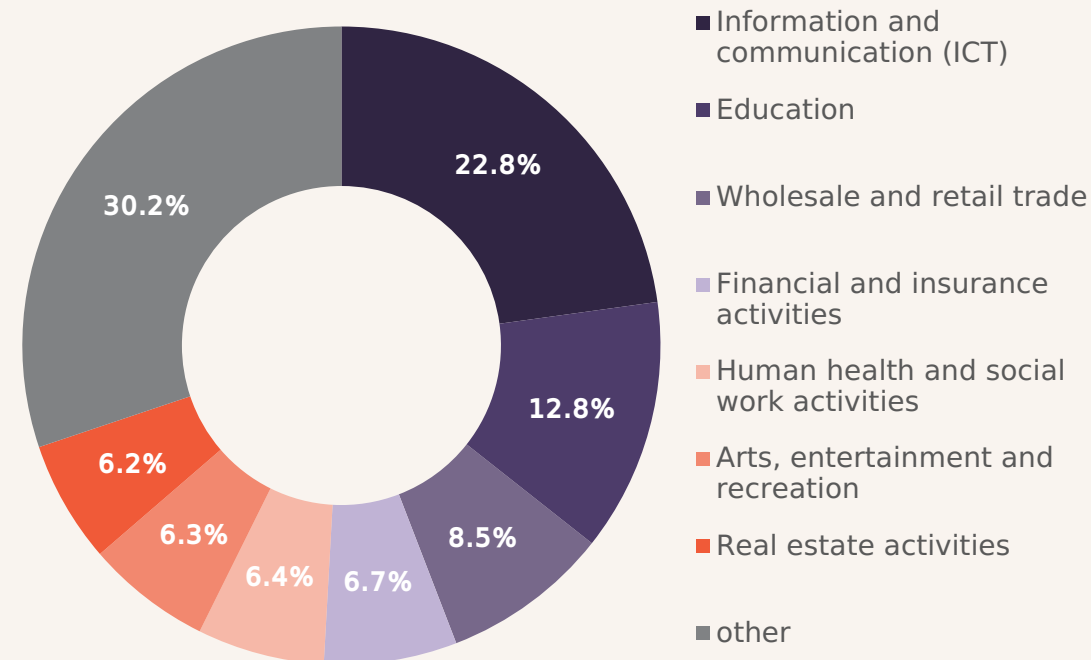
ECONOMIC GROWTH: SECTORAL PERFORMANCES

Selected Sectors	Nominal GDP, mln GEL, 9M 2025*	Real GDP Growth 9M 2025* / 9M 2024
Information and communication (ICT)	5,469	32.9%
Education	4,222	27.4%
Administrative and support service activities	806	17.8%
Financial and insurance activities	3,479	14.3%
Human health and social work activities	2,597	13.9%
Arts, entertainment and recreation	2,724	11.4%
Public administration and defence	4,401	9.6%
Professional, scientific and technical activities	1,549	9.0%
Households as employers and producers of own-use goods and services	65	-15.9%

- **Information and communication (ICT)** and **education** were the fastest-growing sectors in the first 9M 2025, achieving year-over-year (YoY) growth rates of 32.9% and 27.4%, respectively.
- The **households as employers and producers of own-use goods and services** sector decreased by 15.9% compared to

* Preliminary data

Key Growth Contributors (9M 2025*)



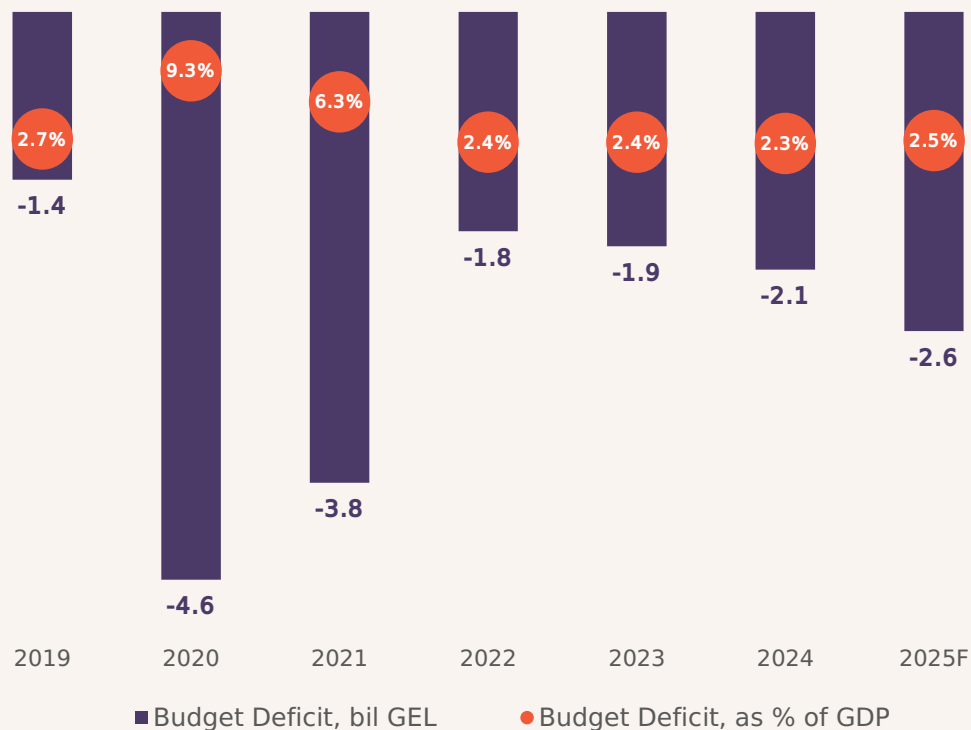
the same period in 2024, reflecting a shift from household self-production toward formal market activity and employment.

- **ICT** and **education** sectors were also the key contributors to growth in the first 9M 2025, with contributions of 22.8% and 12.8%, respectively.

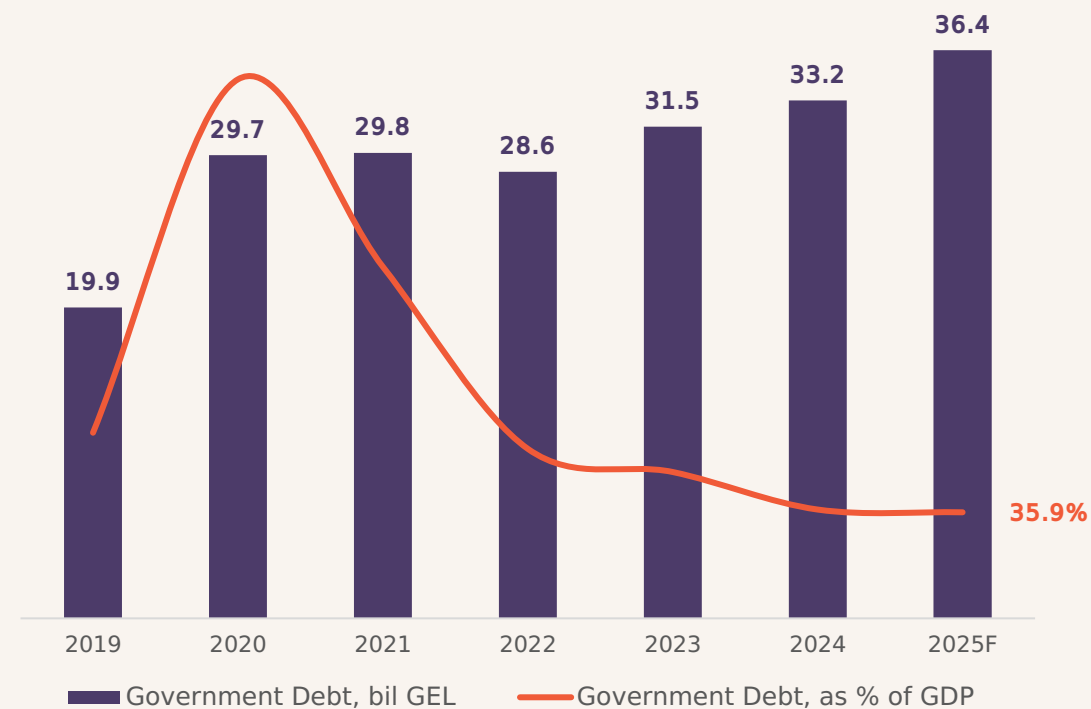


ESTIMATES OF KEY FISCAL INDICATORS

Budget Deficit



Government Debt



- By the end of October 2025, the **budget** recorded a surplus of GEL 357.9 million. Based on historical patterns, the surplus is likely to become negative by the end of the year. According to the forecast Ministry of Finance of Georgia, the budget deficit is projected to reach GEL 2.6 billion by the end of 2025, which is the 2.5% of projected nominal GDP.

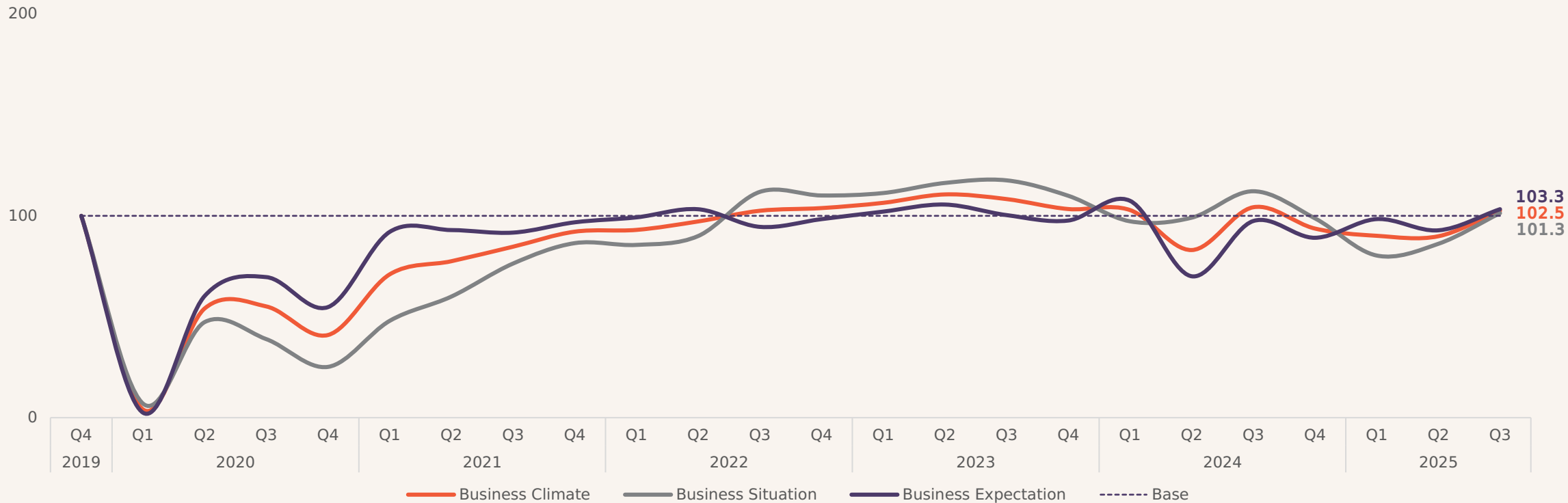
- As of the end of October 2025, **government debt** had increased by 7.6% compared to the end of 2024, reaching GEL 35.3 billion. The Ministry of Finance of Georgia projects that by year-end, government debt will rise further to 36.4 billion GEL, representing 35.9% of the forecasted nominal GDP.

F: Forecast by the Ministry of Finance of Georgia



ECONOMIC AND BUSINESS CLIMATE: BAG INDEX

Georgian Business Climate Index, 2019 Q4=100*



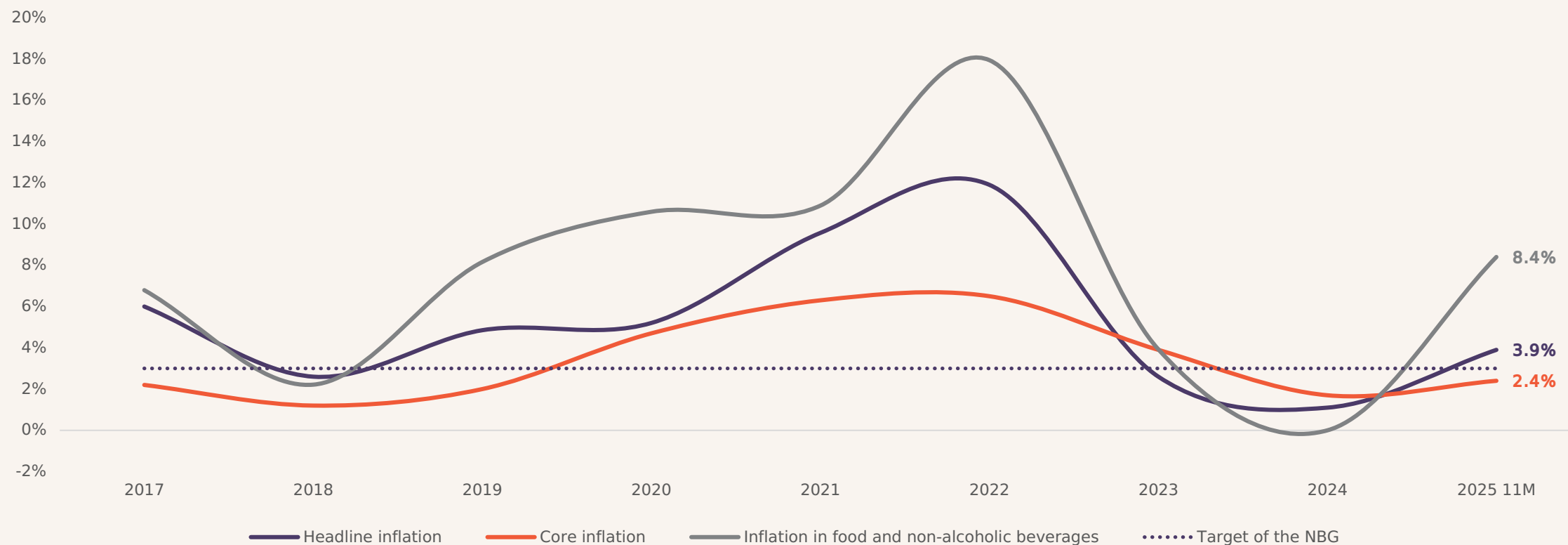
- In Q3 of 2025, Georgian businesses assess the **business climate** to be less favorable than that of Q3 of 2024 (-5.8 points). During this period, **present business situation** (-16.3 points) deteriorated, while business **expectations** (+2.9 points) slightly improved.
- In the first half of 2025, the business climate remained below pre-pandemic levels largely due to ongoing **political instability** following two major deteriorations in 2024. However, by the third quarter of 2025, the business climate had risen slightly above pre-pandemic levels.

* The presented index, derived from the business climate, sets the Q4 of 2019 as the base at 100. It is important to note that values above 100 in the graph indicate that the current climate/present situation/expectations are higher than the assessment based on the reference period of Q4 of 2019, rather than the positive value of the actual index. Conversely, values below 100 suggest a relative decline. This index serves as a standardized tool for evaluating changes in the business environment over time. For the actual climate values, see the [BAGIndex Index](#).



KEY MACROECONOMIC INDICATORS: INFLATION

Average YoY Inflation



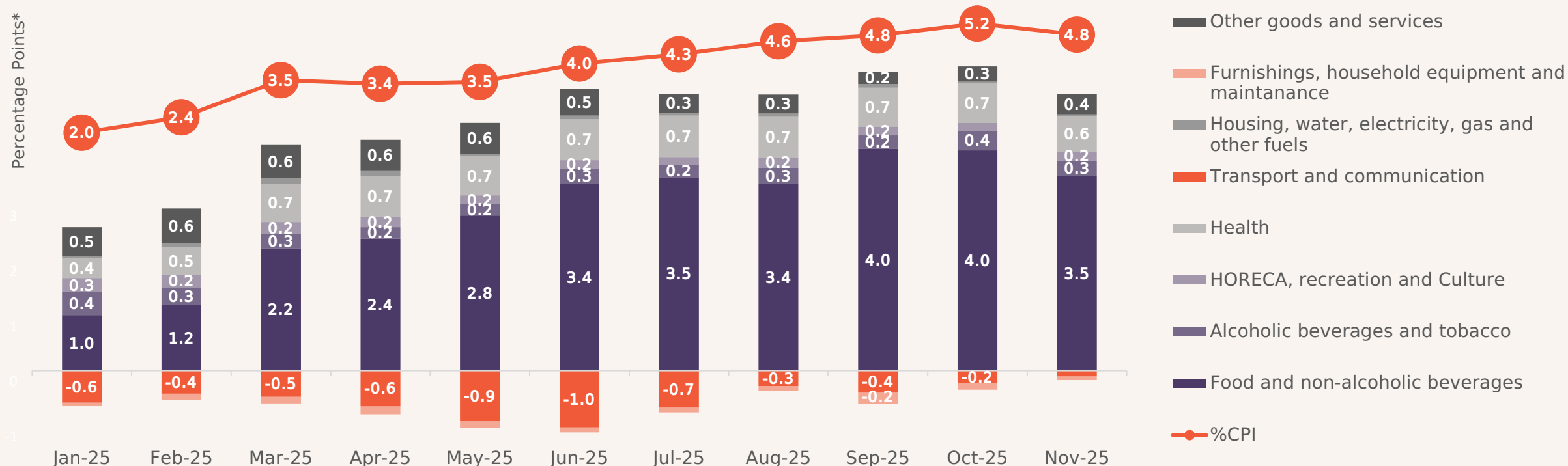
- **Headline inflation** reached 3.9% during the first 11M 2025, exceeding the 3% target level.
- **Core inflation** remained below the target level during the first 11M 2025, at 2.4%.

- The **high level of inflation** mainly resulted from food price inflation.
- In November, the NBG updated its central scenario, revising inflation forecast to around 4.0% in 2025 and 3.5% in 2026.



KEY MACROECONOMIC INDICATORS: INFLATION

Contributions of Different Spending Categories to the Monthly YoY Inflation, pp



- Monthly YoY inflation remained **above the target** since February 2025, peaking at 5.2% in October 2025.
- Deflation** in the **transport and communication** likely reflecting high base effect of previous year.

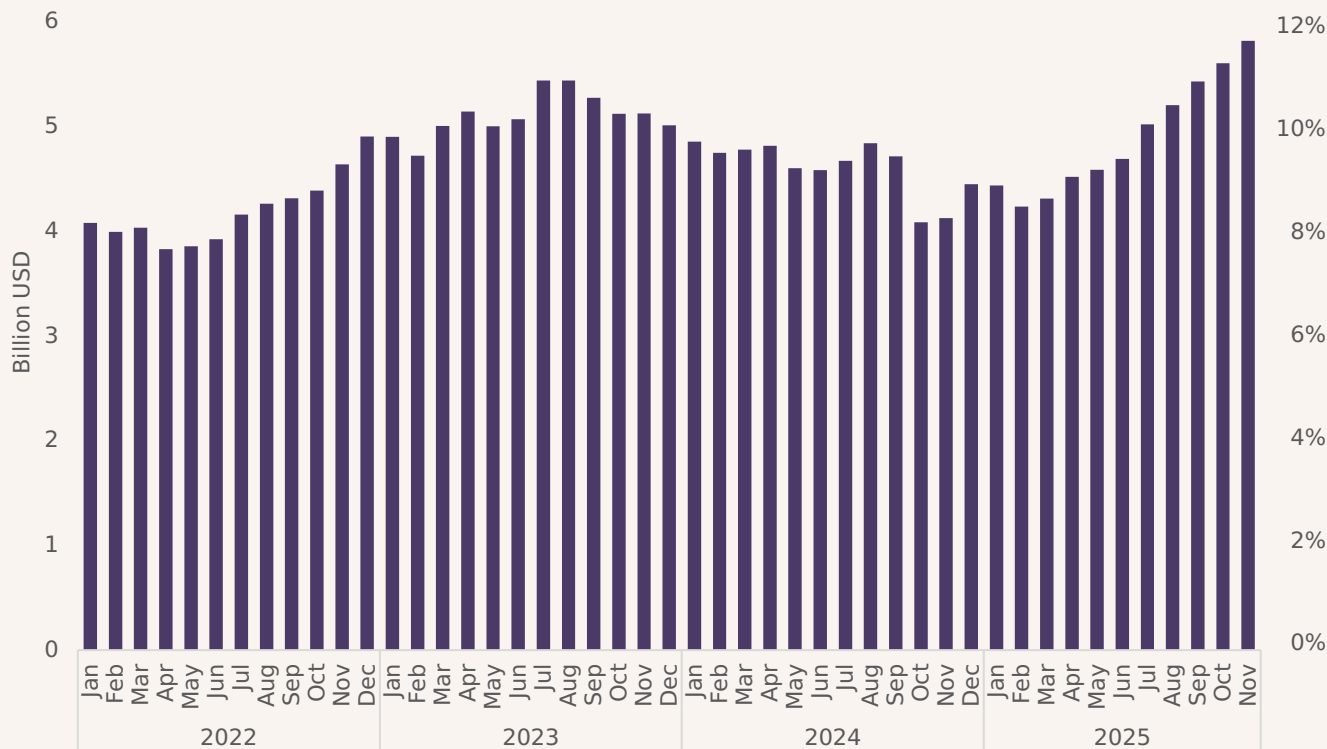
- In the first 11M 2025, **food and non-alcoholic beverages** were the dominant source of inflation, driven by low base effects and external shocks such as higher global food prices and supply-chain pressures, according to NBG.

* The absolute values below 0.2 are not labeled on the graph.

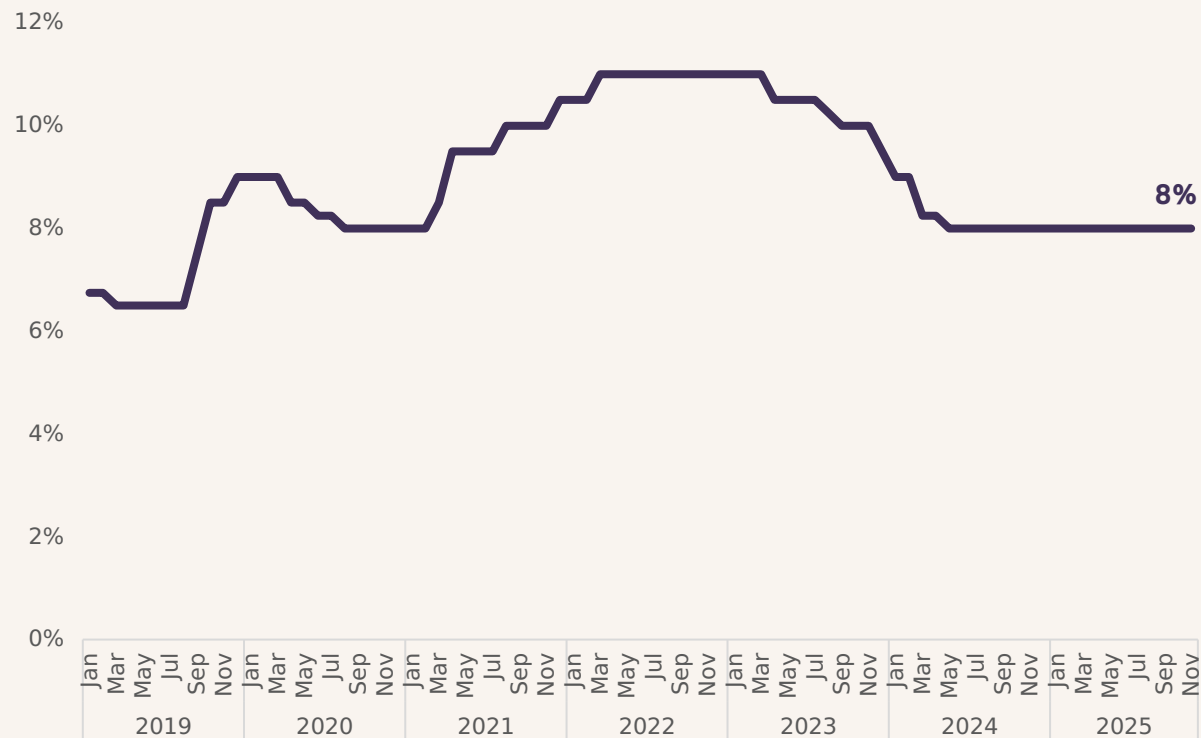


KEY MACROECONOMIC INDICATORS: RESERVES & MONETARY POLICY

Official Reserve Assets



Monetary policy interest rate



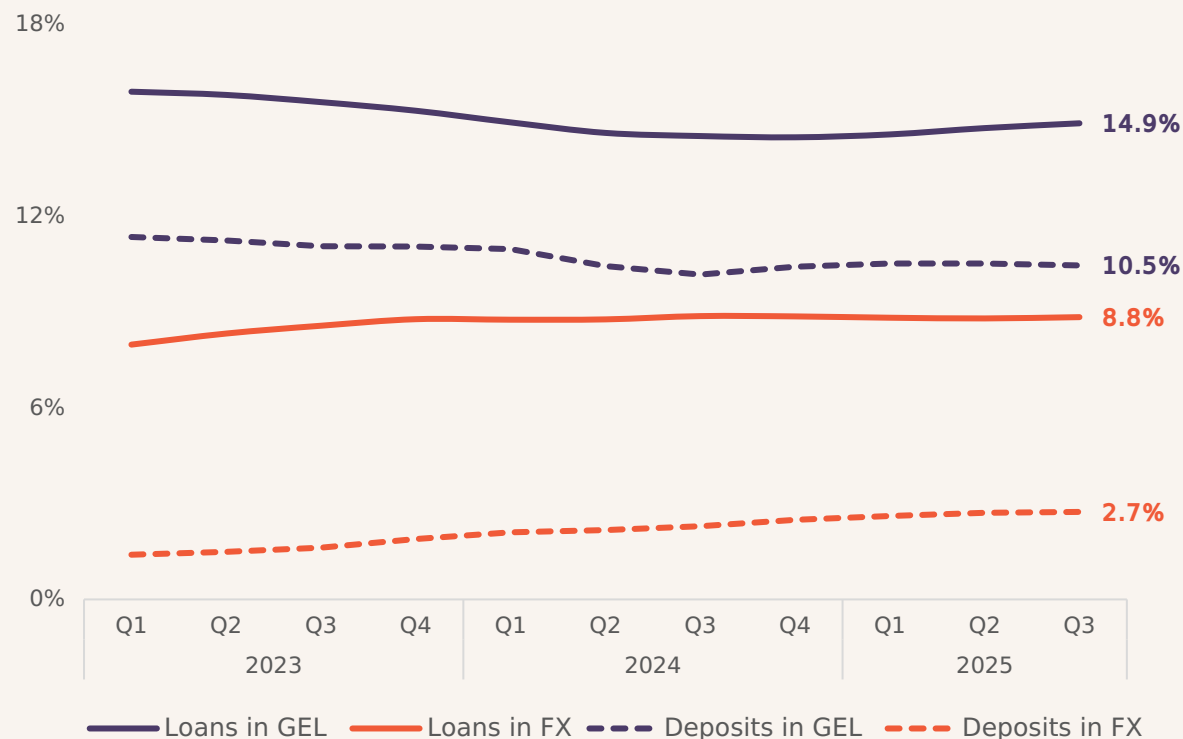
- Since March 2025, the National Bank of Georgia (NBG) has been accumulating reserves, with the largest net purchase of USD 416.9 million in July. By November 2025, total reserves reached USD 5.8 billion.

- Since May 2024, the NBG has kept the **monetary policy rate** at 8%, including its most recent decision in December 2025. This cautious stance reflects ongoing global and domestic uncertainties.



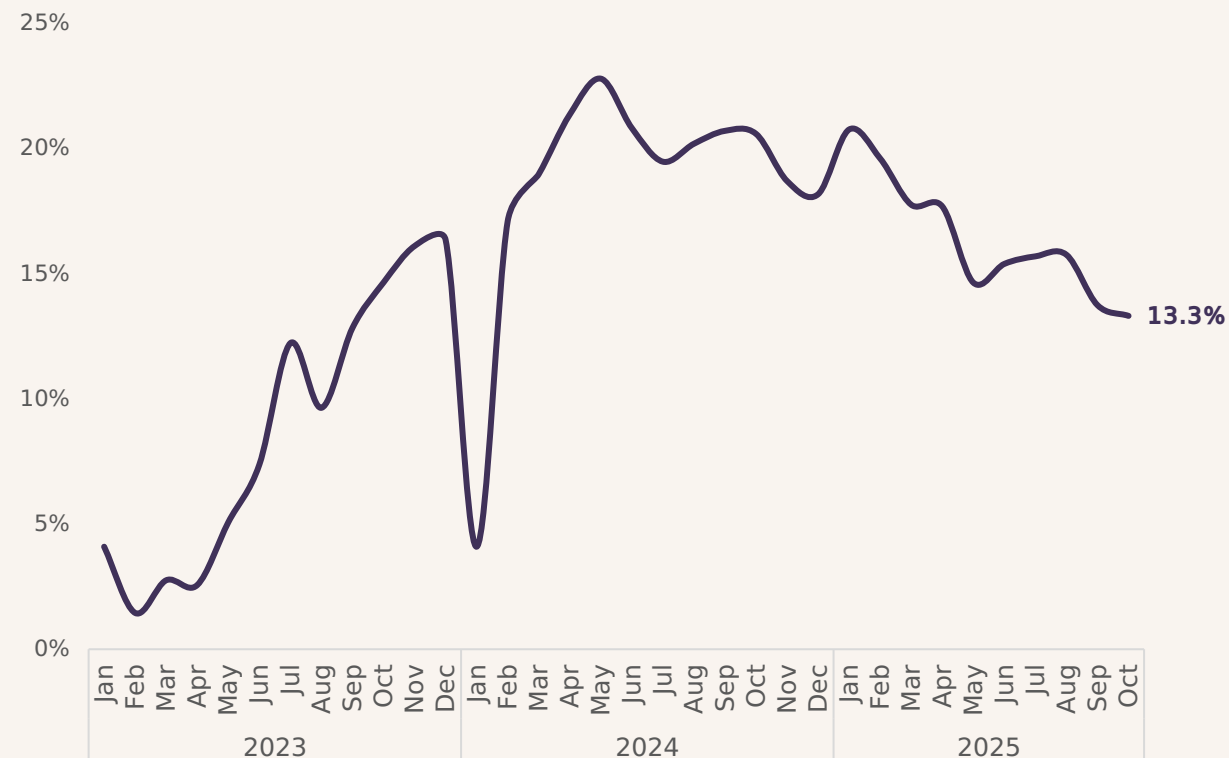
KEY MACROECONOMIC INDICATORS: INTEREST RATES

Interest rates



- By Q3 2025, interest rates on **loans** in GEL increased to 14.9% while interest rates on FX loans remained stable at 8.8%. Meanwhile, interest rates on **deposits** in GEL remained stable around 10.5%, while interest rates on FX deposits increased to up to 2.7%.

Private sector credit growth

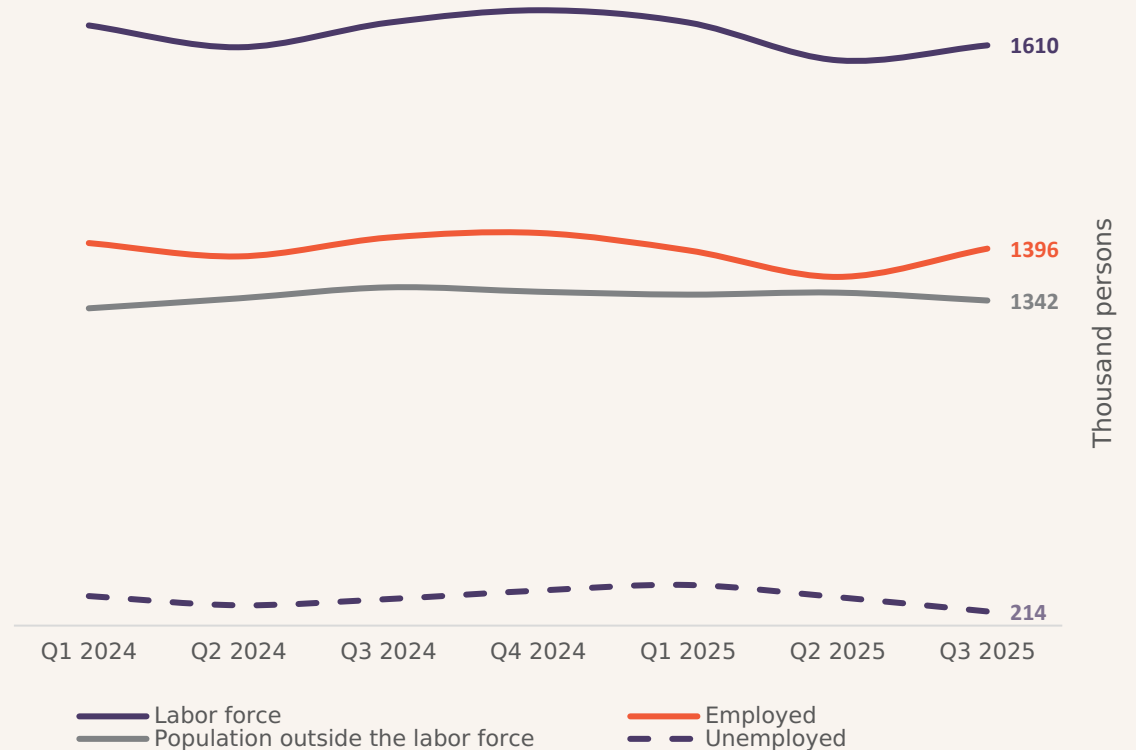
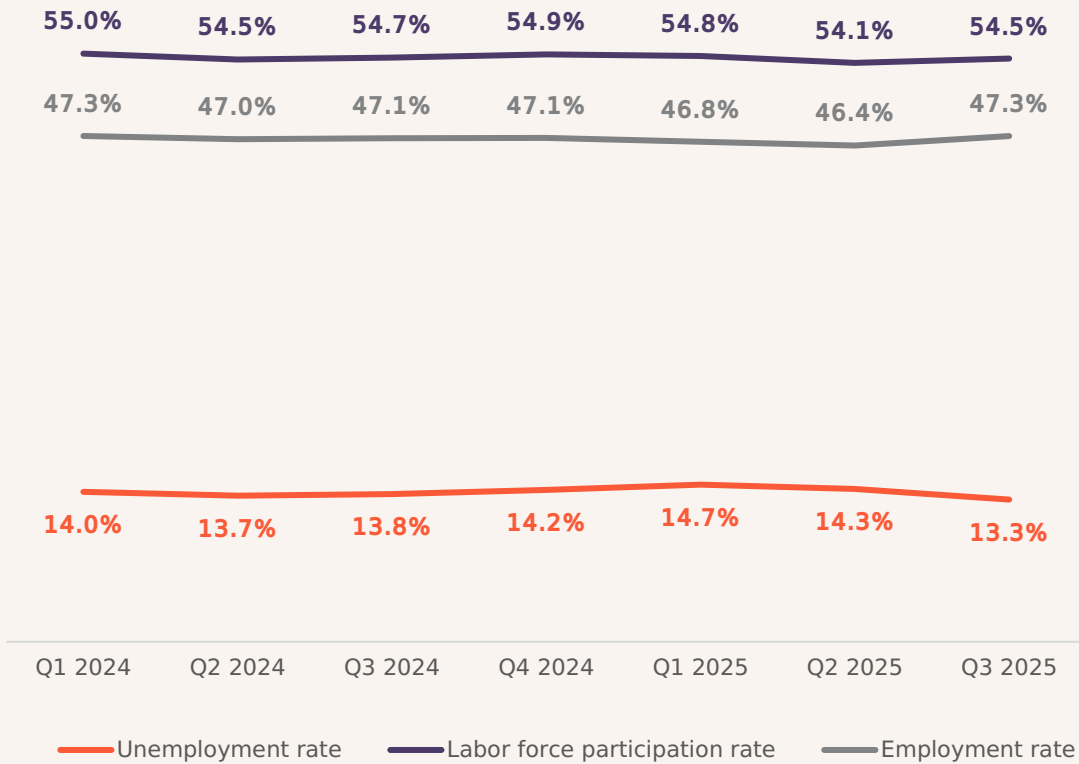


- The **private sector credit growth** gradually slowed, reflecting a moderation in economic activity. In the first 10M 2025, the average growth rate of private sector credit reached 16.4%, down from 18.6% in the same period of previous year. As of October 2025, YoY growth stood at 13.3%.



LABOR MARKET: EMPLOYMENT

Labor market indicators



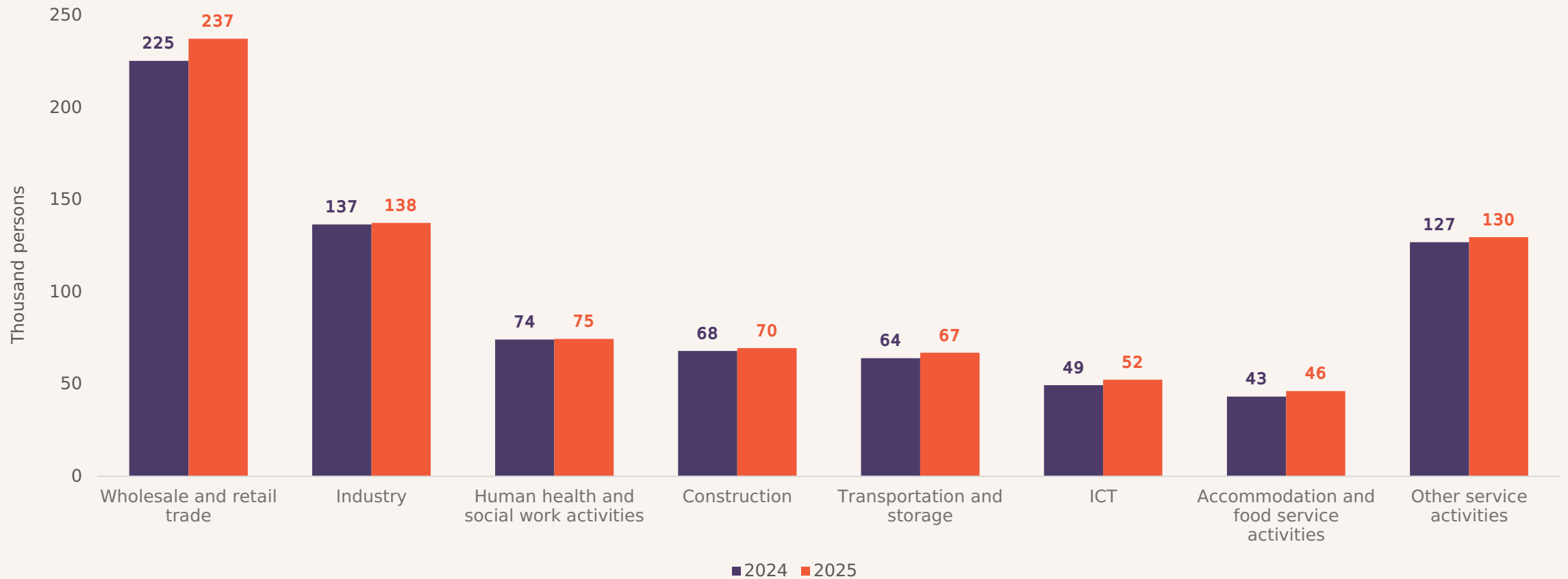
- Labor market indicators slightly worsened In Q3 of 2025 compared to Q3 of 2024: the **labor force** decreased by 1.5%, and the **population outside the labor force** also decreased by 1.0%.

- Meanwhile, in Q3 of 2025, the **unemployment rate** gradually decreased by 0.5 percentage points (pp), and the **employment rate** increased by 0.2 pp compared to the corresponding period in 2024, both resulted from a decline in the labor force.



LABOR MARKET: EMPLOYMENT IN BUSINESS SECTOR

Number Of Employees By Type of Economic Activity (9M)



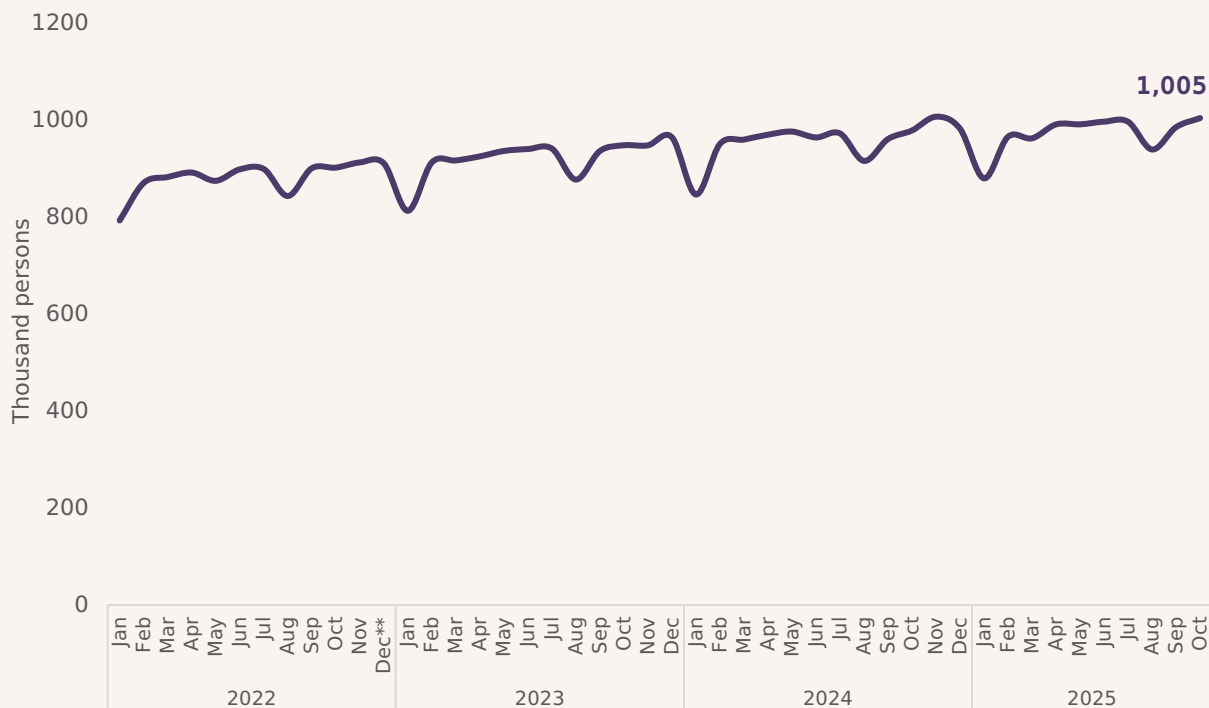
- In the first 9M of 2025, compared to the 9M of 2024, the number of **employees in the business sectors** in Georgia

increased by 26 thousand persons (+3.3%), reaching nearly 815 thousand persons.

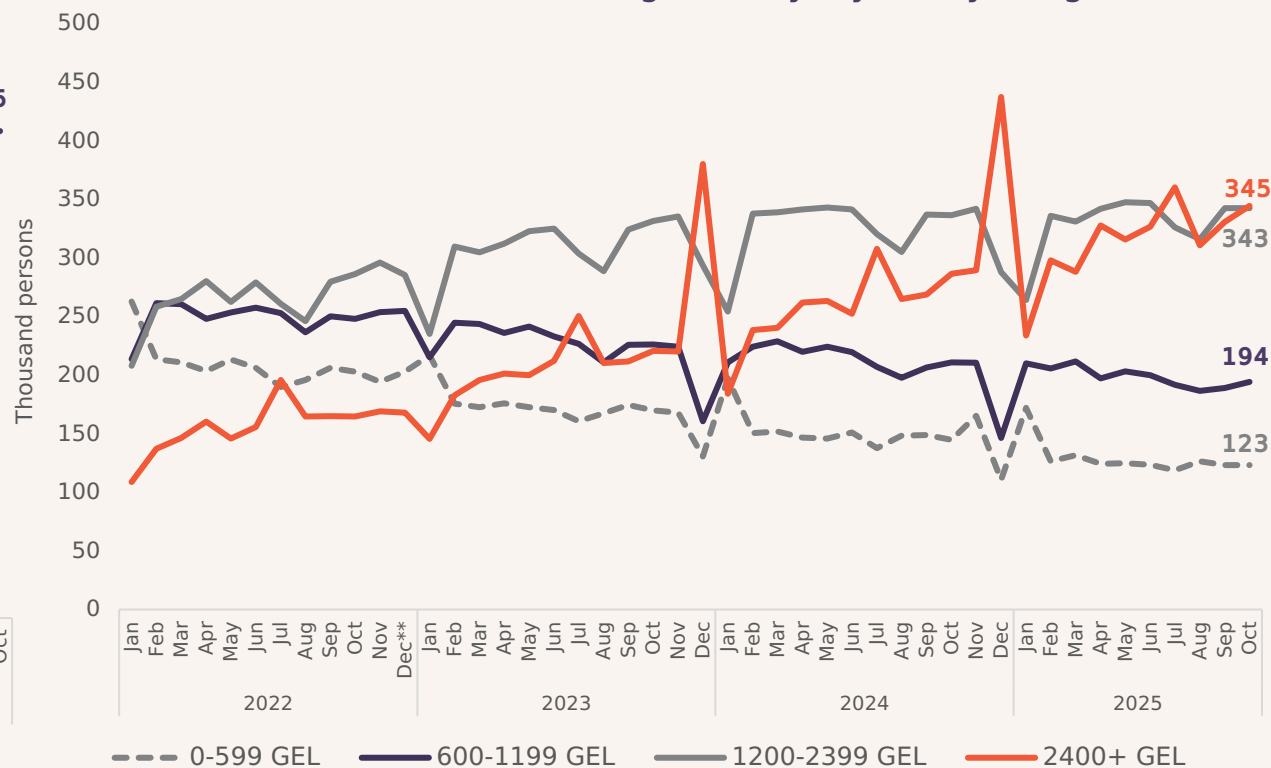


LABOR MARKET: SALARIES

Number of Persons Receiving a Salary



Number of Persons Receiving a Salary, by Salary Range*



- In October, the number of persons receiving a salary reached 1,005 thousand (+2.6% YoY).
- In the first 10M 2025, number of persons receiving a salary increased by 2.3% compared to same period of 2024.

- There is a noticeable trend of decreasing the number of persons in the **lower salary range** (up to GEL 600), while the number of people in the **higher salary range** (GEL 2400 or more) is increasing.

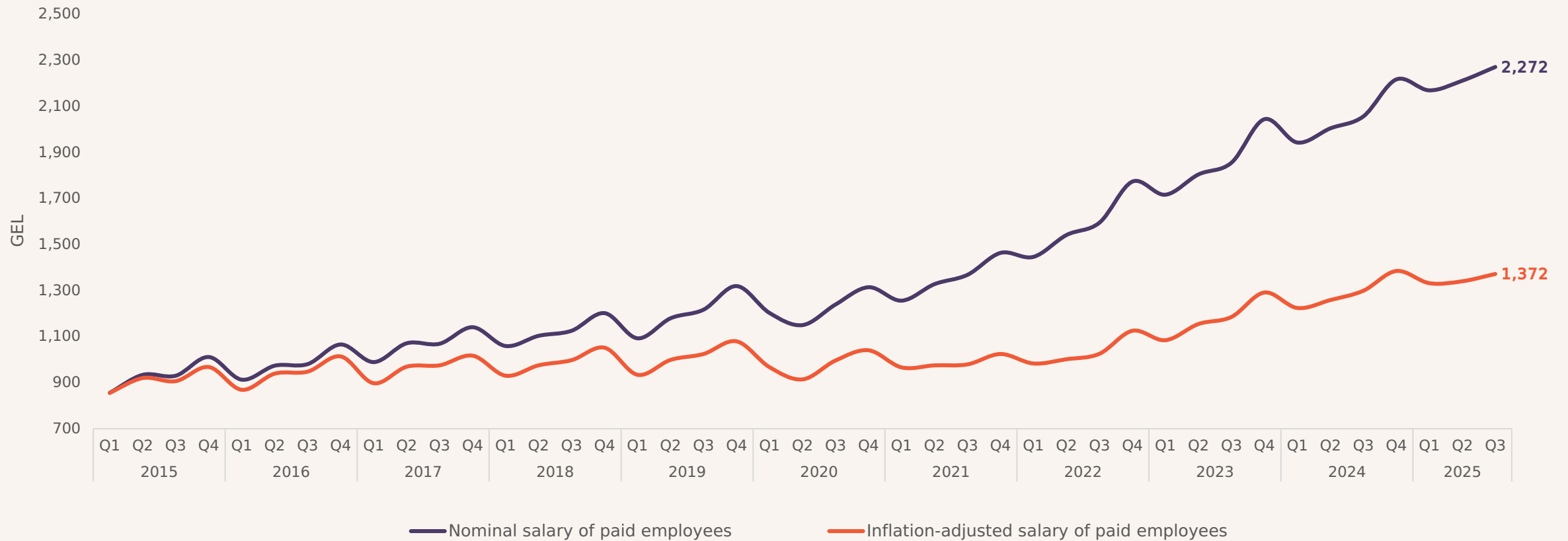
*The data provided by Revenue Service is not final and might slightly change. (Last viewed on 20.11.2025). The data represents gross salaries.

**The decrease of the share of 0-599 GEL and 600-1199 GEL categories in December was largely due to a notable number of people receiving the 13th salary.



LABOR MARKET: SALARIES

Nominal and inflation-adjusted salaries of paid workers (Q1 2015 – Q3 2025)



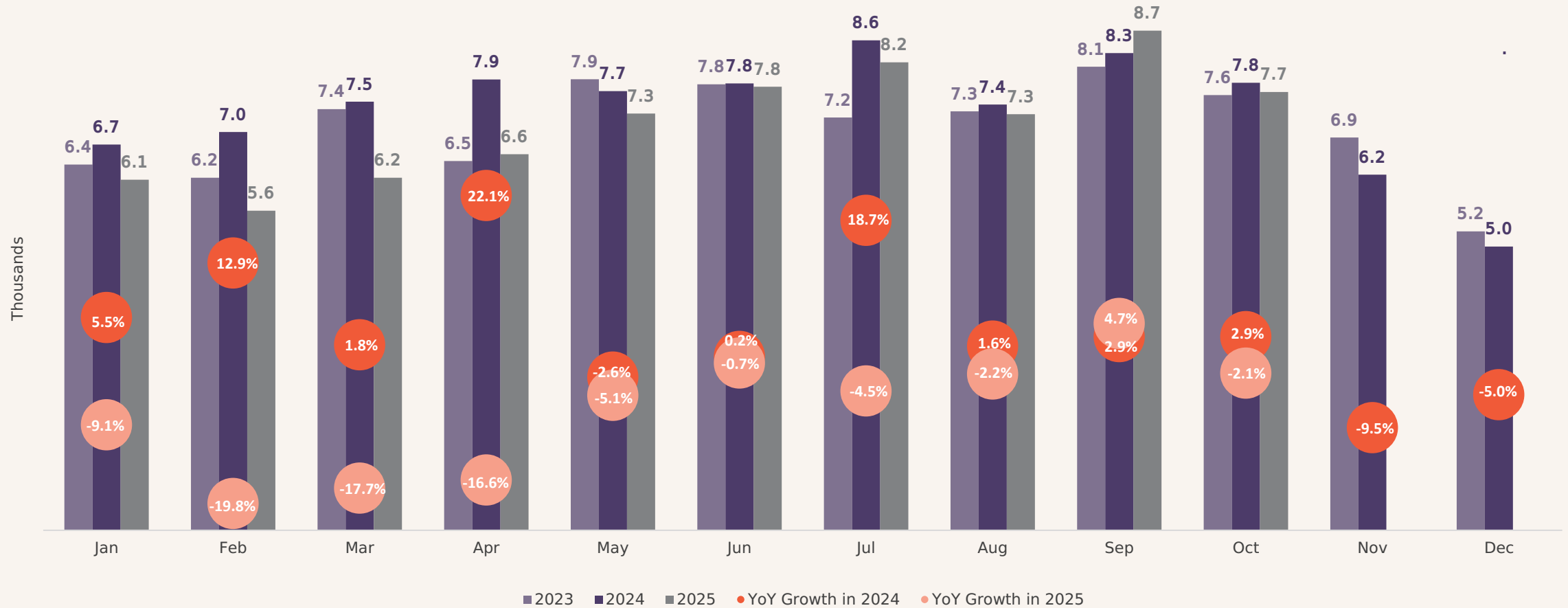
- Relative to the base level established in Q1 2015, **nominal salaries** increased by 165.4% in Q3 2025. However, when

adjusted for inflation, the growth in **real salaries** was 60.3%. In Q3 2025, the real YoY growth rate was recorded at 5.6%.



LABOR MARKET: VACANCIES

Number of Published Vacancies on Jobs.ge

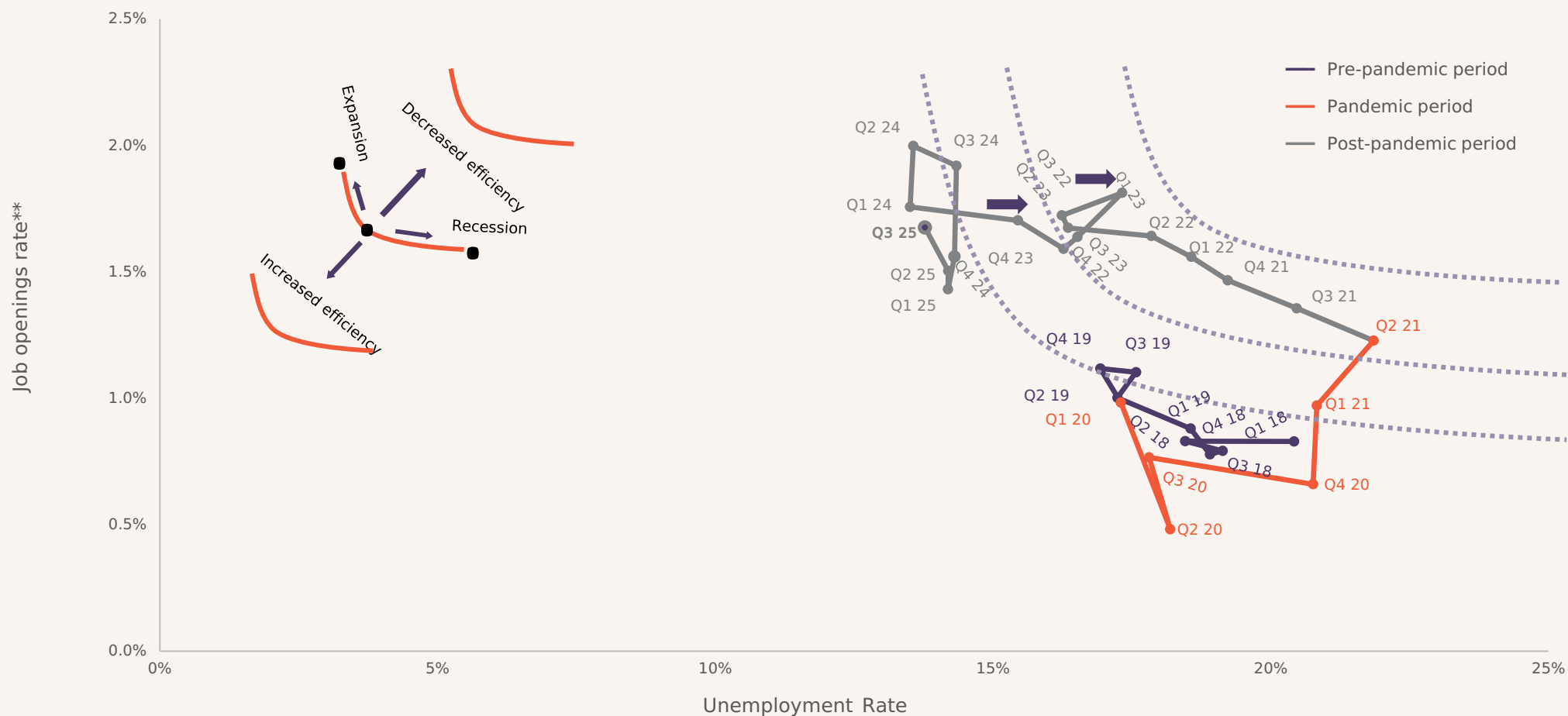


- The number of **vacancies** fell YoY in the first 10M 2025, with average rate of -7.3%, reflecting weaker labor demand.

- By comparison, number of vacancies grew by 6.6% YoY over the same period of 2024.



LABOR MARKET: BEVERIDGE CURVE*



- According to the seasonally adjusted **Beveridge Curve**, in Q3 2025, compared to Q2 2025, **the labor market expanded**, with no notable improvement in efficiency, as the seasonally adjusted unemployment rate slightly decreased and jobs opening rate increased.

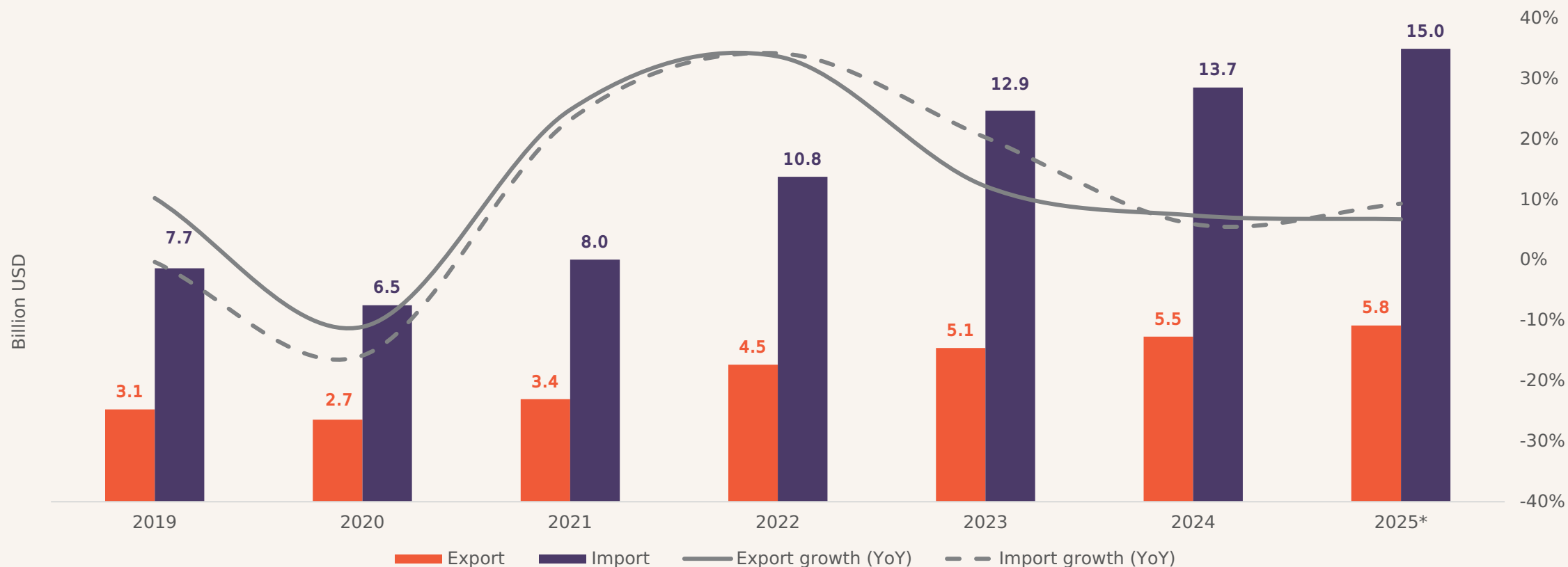
- However, comparing Q1-Q3 2025 average to the same period of 2024, the **efficiency** of labor market slightly **decreased**, as on average the seasonally adjusted unemployment rate slightly rose and seasonally adjusted jobs opening rate fell.

* The Beveridge curve – Employment Tracker



EXTERNAL SECTOR: TRADE

Georgia's Imports and Exports and Growth Rates YoY (10M)



- In the first 10M 2025, compared to the corresponding period of 2024, Georgia's **trade turnover** increased by 8.6%, driven by 9.3% rise in imports and 6.8% increase in exports. Over the same period, the **trade deficit** in Georgia increased by 11.1% and reached USD 9.2 billion.

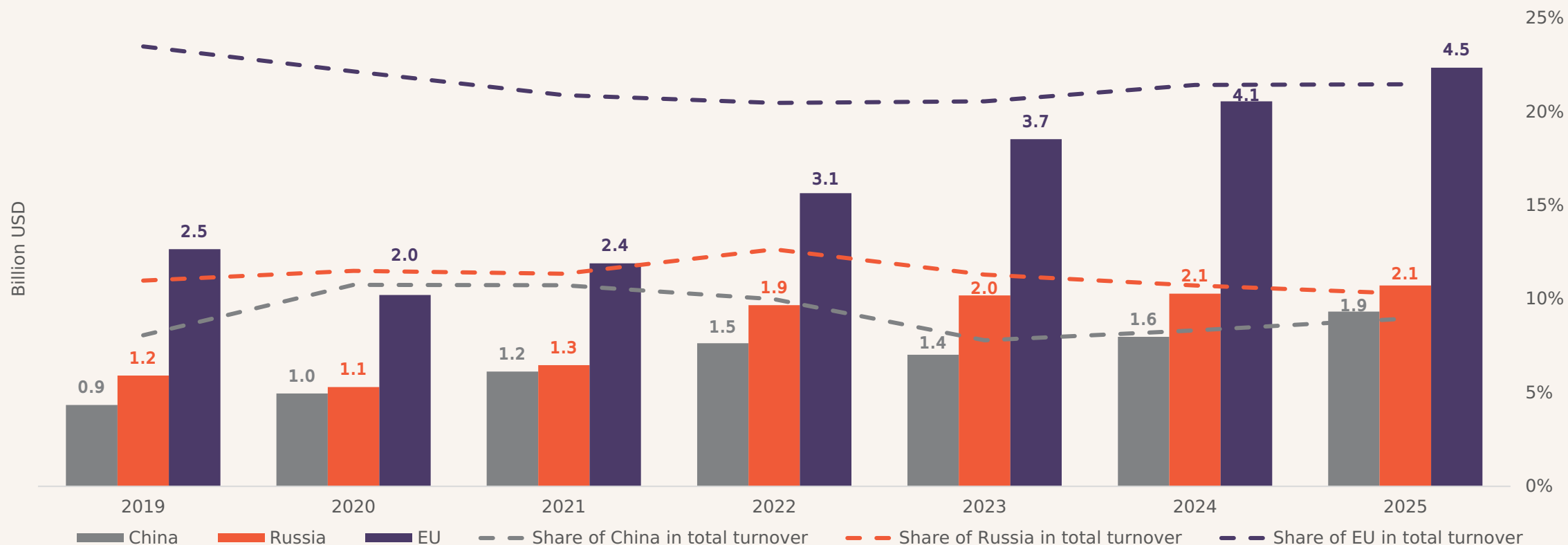
- Export growth was mainly due to re-exports, which rose by 8.6%, while domestic exports increased by 4.6%.
- The **growth rate** of exports slightly declined, as in the first 10M 2024, exports increased by 7.8% compared to same period of 2023.

* Preliminary data



EXTERNAL SECTOR: TRADE

Georgia's External Trade Turnover With China, Russia, and the EU (10M)



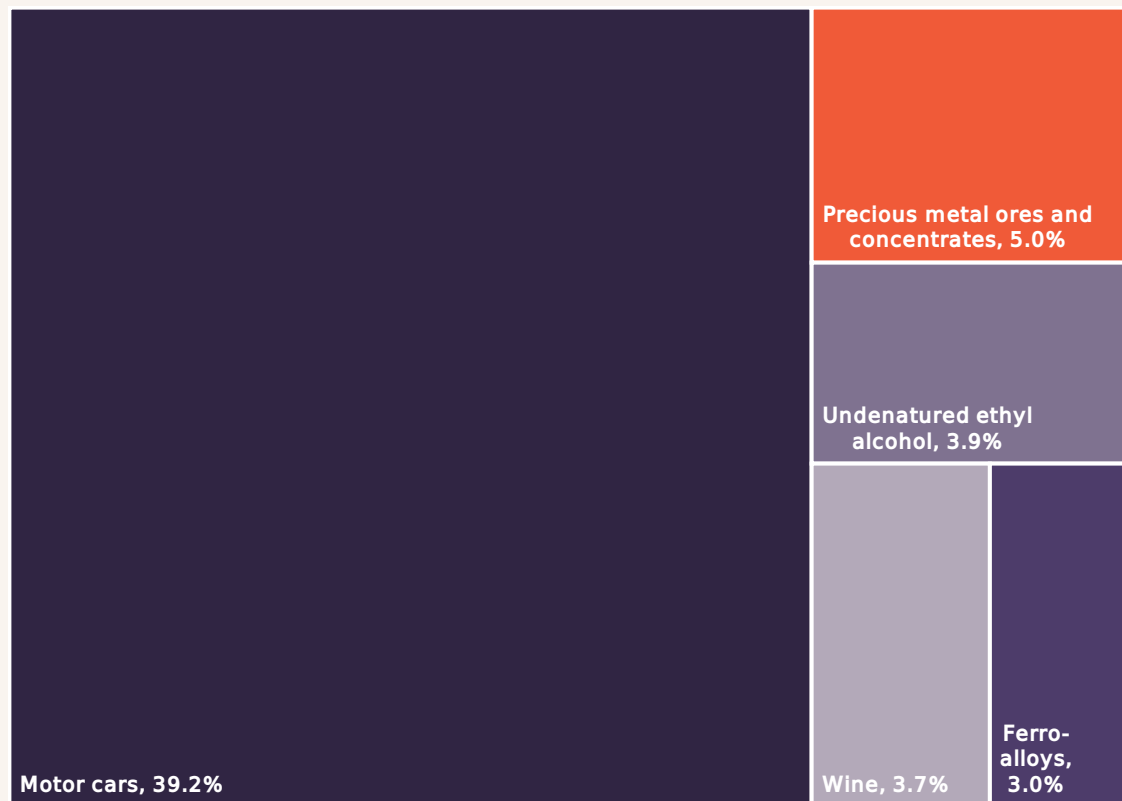
- In the first 10M of 2025, compared to the same period of 2024, Georgia's **trade turnover** increased with China (+16.8%), with the EU (+8.8%) and Russia (+4.2%).

- In the first 10M of 2025, compared to the 2024, the share of China (+0.6pp) in international trade increased, while the share of Russia decreased (-0.4 pp) and the share of the EU remained unchanged.



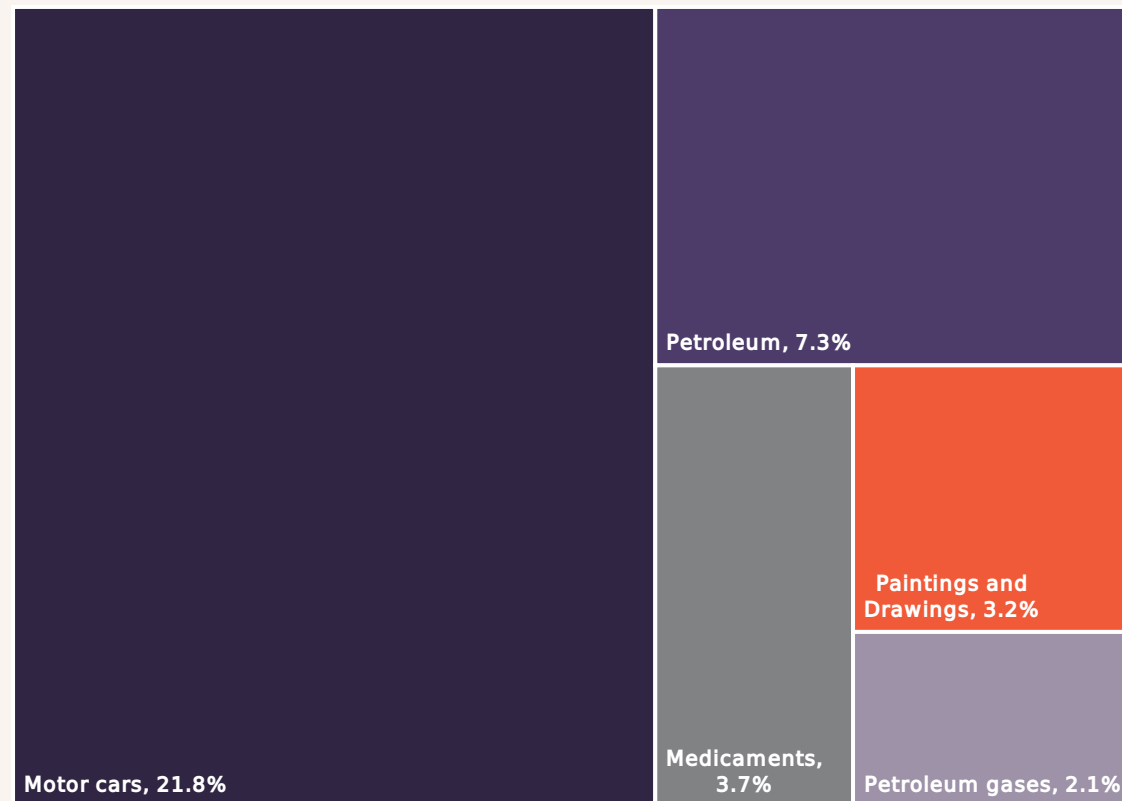
EXTERNAL SECTOR: EXPORT-IMPORT

Share of Major Commodity Positions by Exports (2025 10M*)



- In the first 10M 2025, **motor cars** (USD 2.0 billion) maintain the lead of primary **export** commodities, while the share of **precious metal ores and concentrates** (USD 93.5 million) increased significantly, compared to same period of 2024, showing a high growth of 47% YoY.

Share of Major Commodity Positions by Imports (2025 10M*)



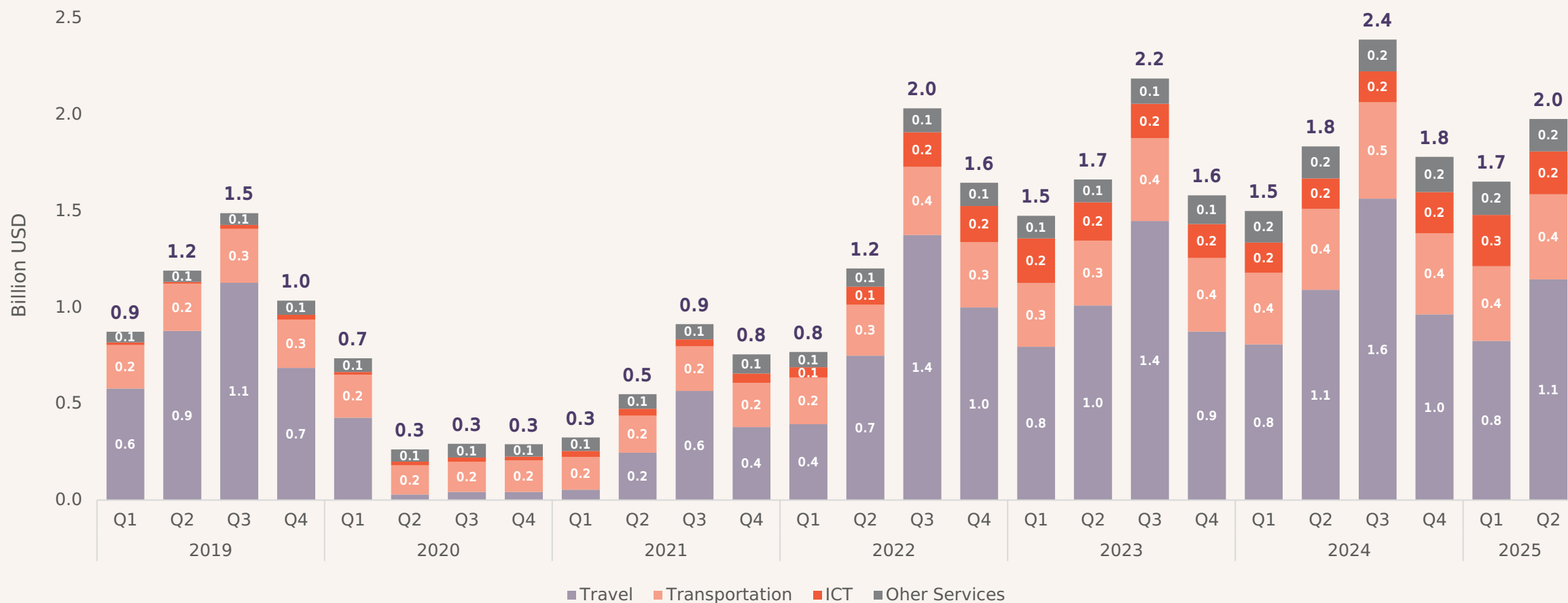
- In the first 10M 2025, compared to 10M 2024, **imports** of paintings and drawings rose from USD 0.3 million to USD 481.5 million, reaching **major commodity position**. This reflects an exceptional transaction recorded in January 2025.
- During this period, **motor cars** keep leading position (21.8%), amounting to USD 3.3 billion.

* Preliminary data



EXTERNAL SECTOR: EXPORT OF SERVICES

Export of Services (Q1 2019 – Q2 2025)



- In the first 6M 2025, **export of services** increased by 8.8% YoY, surpassing USD 3.6 billion.

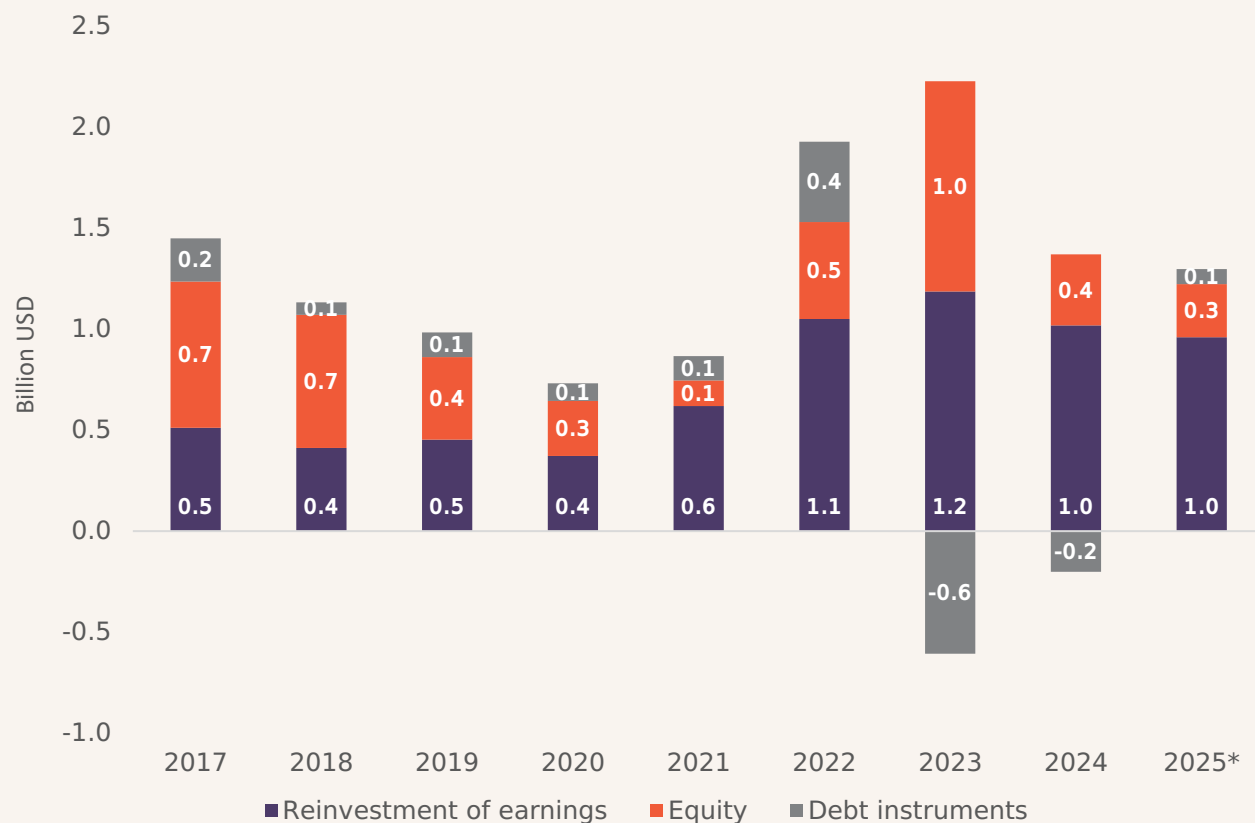
- The growth was largely driven by **ICT services**, which increased by 55.5% YoY in the first 6M 2025 and now account for 13.5% of total service exports.

* The absolute values below 0.1 are not labeled on the graph.

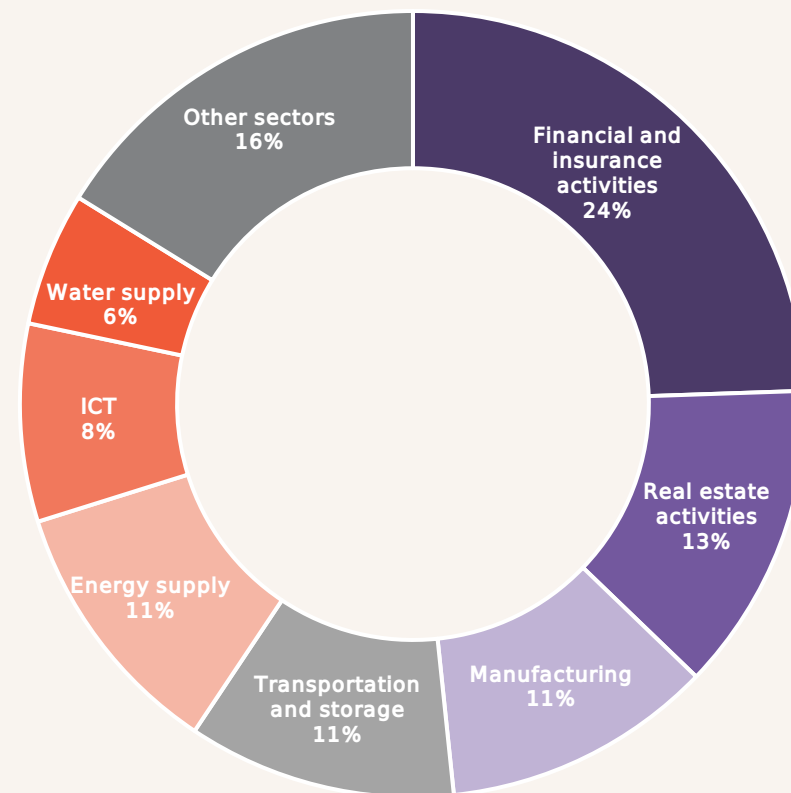


EXTERNAL SECTOR: FOREIGN DIRECT INVESTMENTS

Foreign Direct Investment by components (9M)



FDI in 2025 by sectors (9M)



- In the first 9M 2025, **net FDI inflows** into Georgia reached USD 1.3 billion. Most FDI went to the **financial sector** (USD 317 million), followed by the **real estate sector** (USD 165 million).

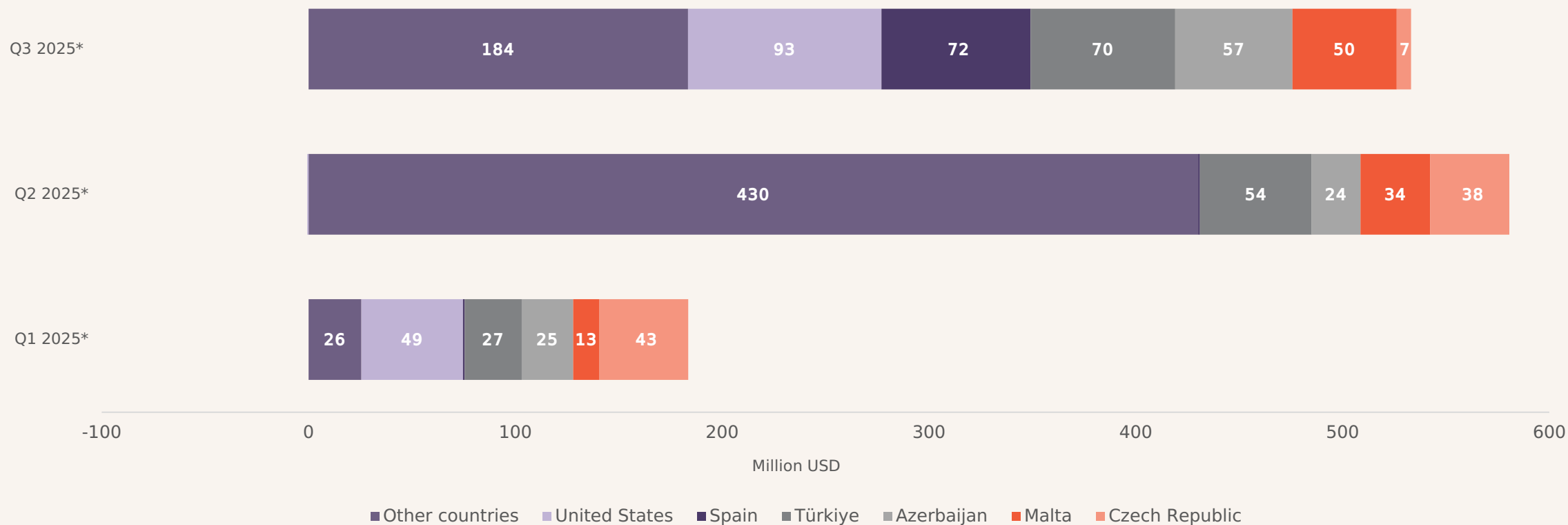
- Reinvested profits** represent the largest component of FDI, accounting for 74% of total FDI during the first 9M 2025.

* Preliminary data



EXTERNAL SECTOR: FOREIGN DIRECT INVESTMENTS

Foreign Direct Investment by Countries*



- In the first 9M 2025, **Turkey** was the leading investor country, with USD 151 million in FDI, representing a 42% increase compared to the first 9M 2024.

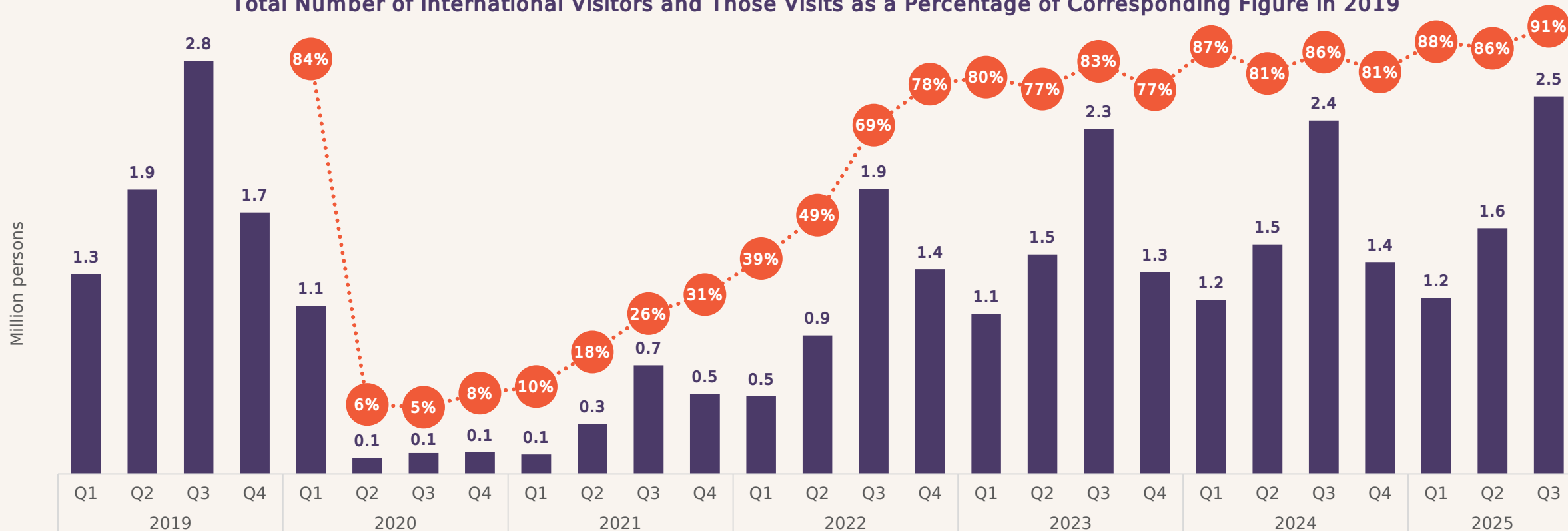
- In the first 9M of 2025, **the US** was the second-leading investor country to Georgia, with FDI of USD 142 million, reflecting a 150% increase compared to the corresponding period of 2024.

* Preliminary data



EXTERNAL SECTOR: TOURISM

Total Number of International Visitors and Those Visits as a Percentage of Corresponding Figure in 2019



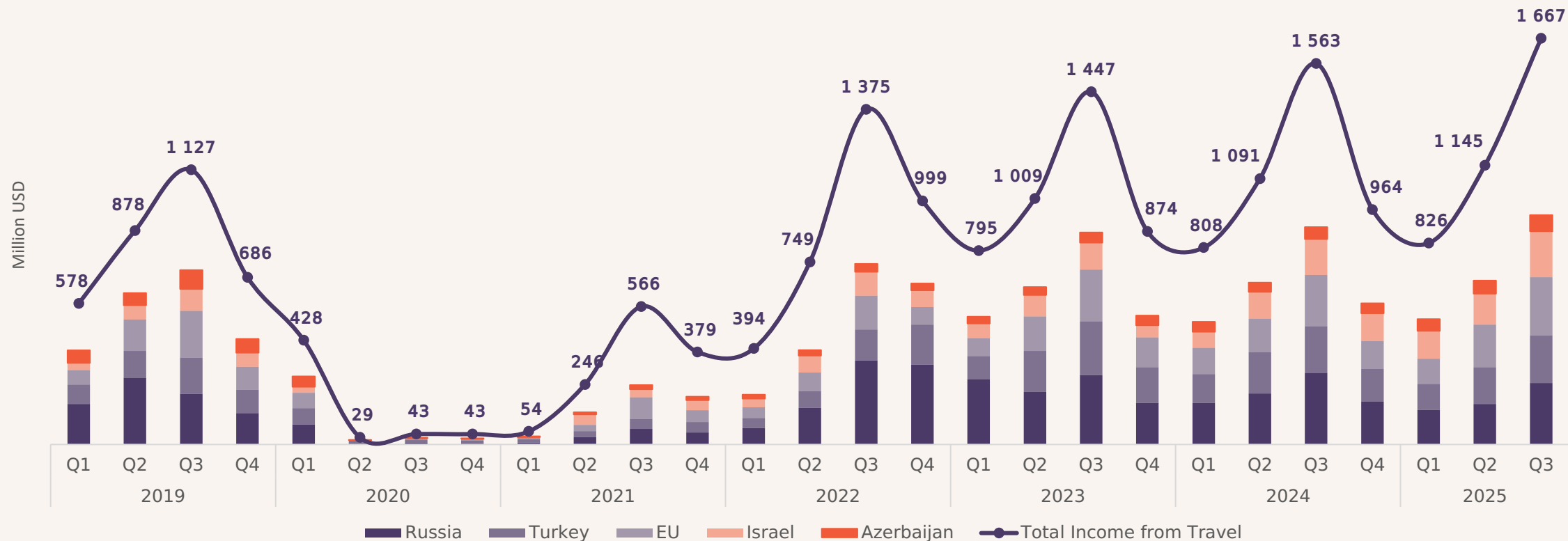
- In Q3 of 2025, the **number of international visits** to Georgia* reached 91.4% of the figures recorded in 2019, indicating that pre-pandemic levels have not been fully recovered.
- In Q3 2025, compared to the corresponding period in 2024, the international visits increased by 6.8%, while they rose by 2.5 % compared to the Q2 of 2025.

- In the first 9M 2025, compared with the first 9M 2024, international visits increased by 5.6% YoY. In terms of visit types, **overnight visits** increased by 7.9% and **same-day trips** decreased by 2.9%.

* Individuals who have not yet left Georgia are not included in the statistics.



Total income from international travel by countries



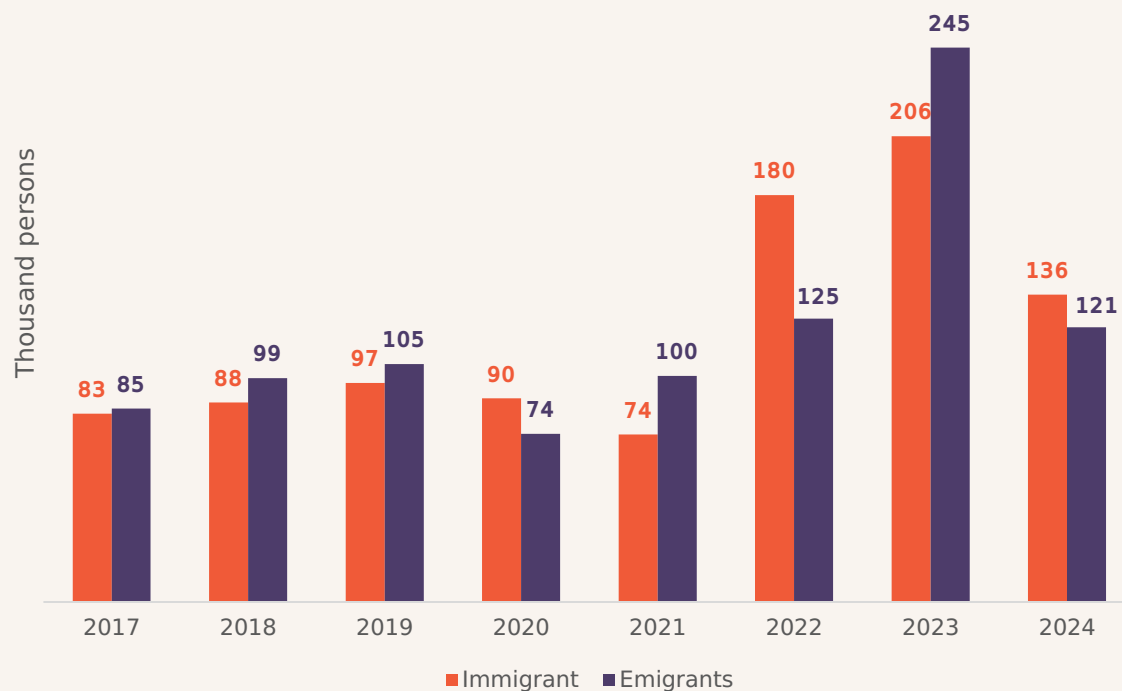
- In the first 9M 2025, the total **income from international travel*** amounted to US\$ 3.6 billion, marking an increase of 5.1% compared to 9M of 2024 and 41% compared to 9M 2019.

- Throughout the first 9M 2025, the average shares of income from visitors from **Russia** amounted to 15.4% (-4.1 pp, YoY), while it was 14.2% for visitors from the **EU** (+1.0 pp, YoY).

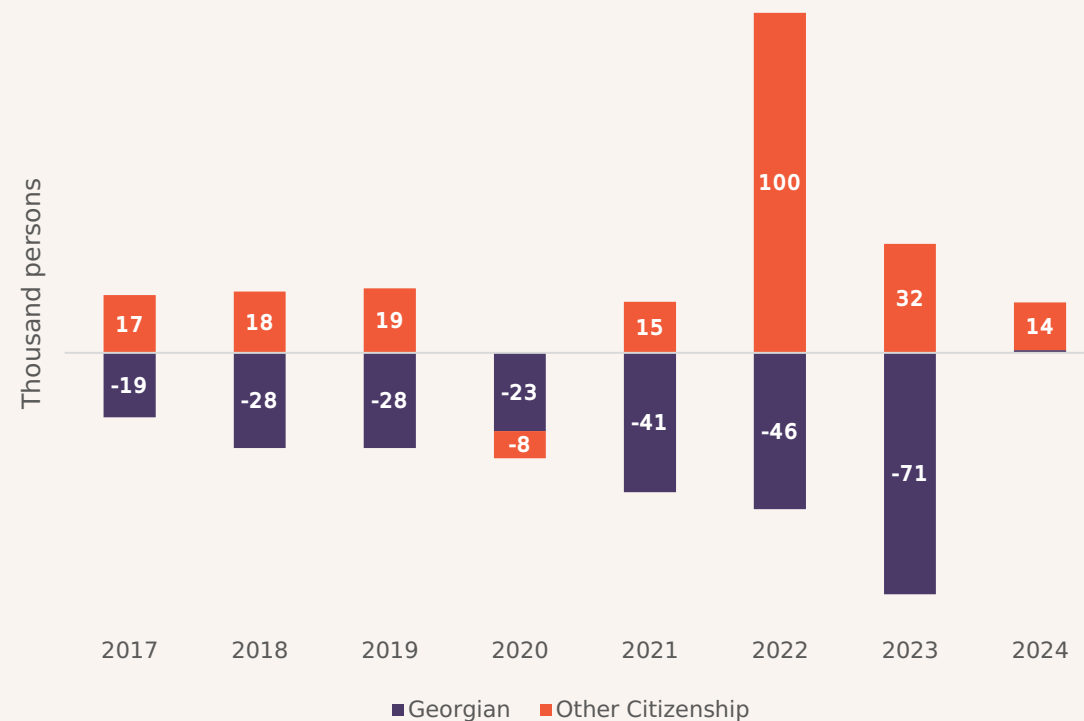
* Individuals projected to reside in Georgia for a duration of 1 year or longer, or who have the intention to stay beyond 1 year, are not categorized as visitors.



Migration from and to Georgia



Net Migration Rate of Georgian and Other Citizens

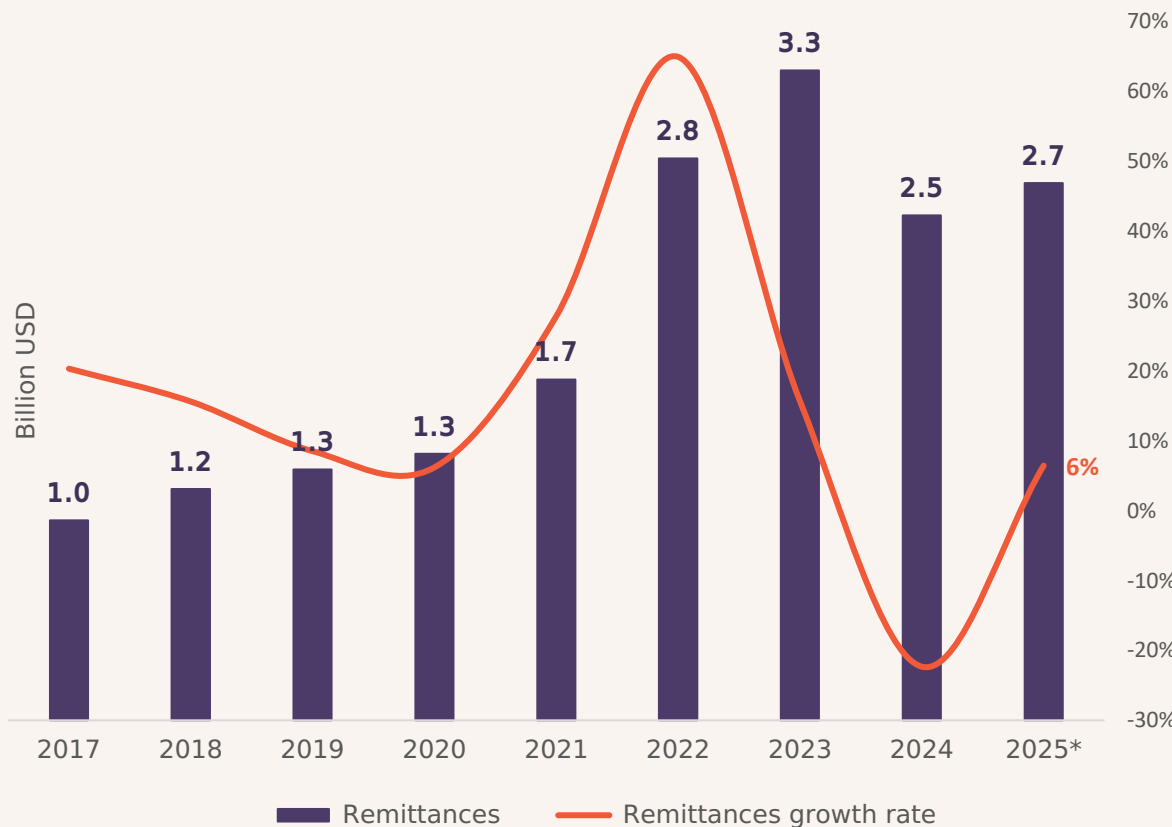


- In 2024, Georgia experienced a **net migration increase** of 14.4 thousand people, largely driven by the sharper decline in emigration (-50.5%) compared to the decline in immigration (-34.0%) YoY.

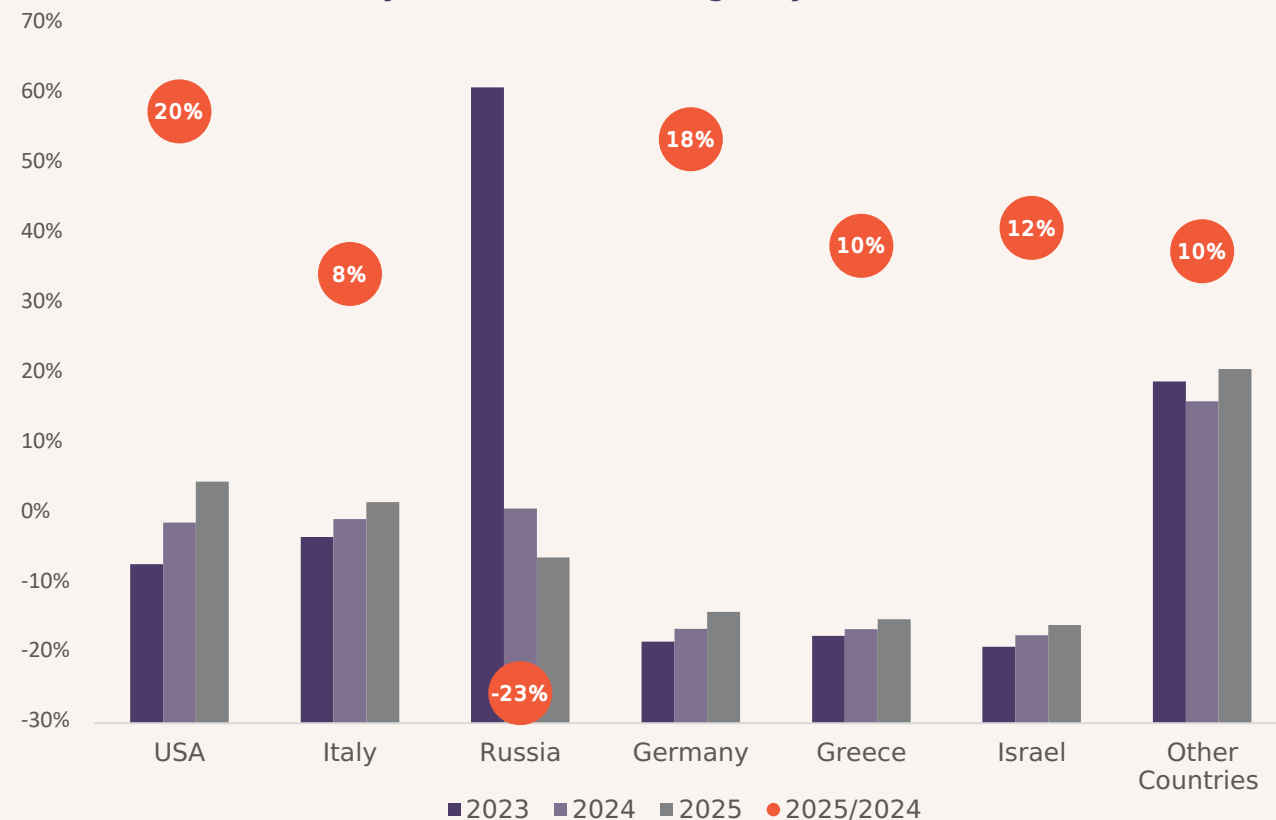
- During this period, net emigration was positive for both Georgian citizens and foreign nationals, as 0.8 thousand more Georgians and 13.5 thousand more foreign nationals entered the country than left.



Money Transfers to Georgia (9M)



Money Transfers to Georgia by Countries (9M)



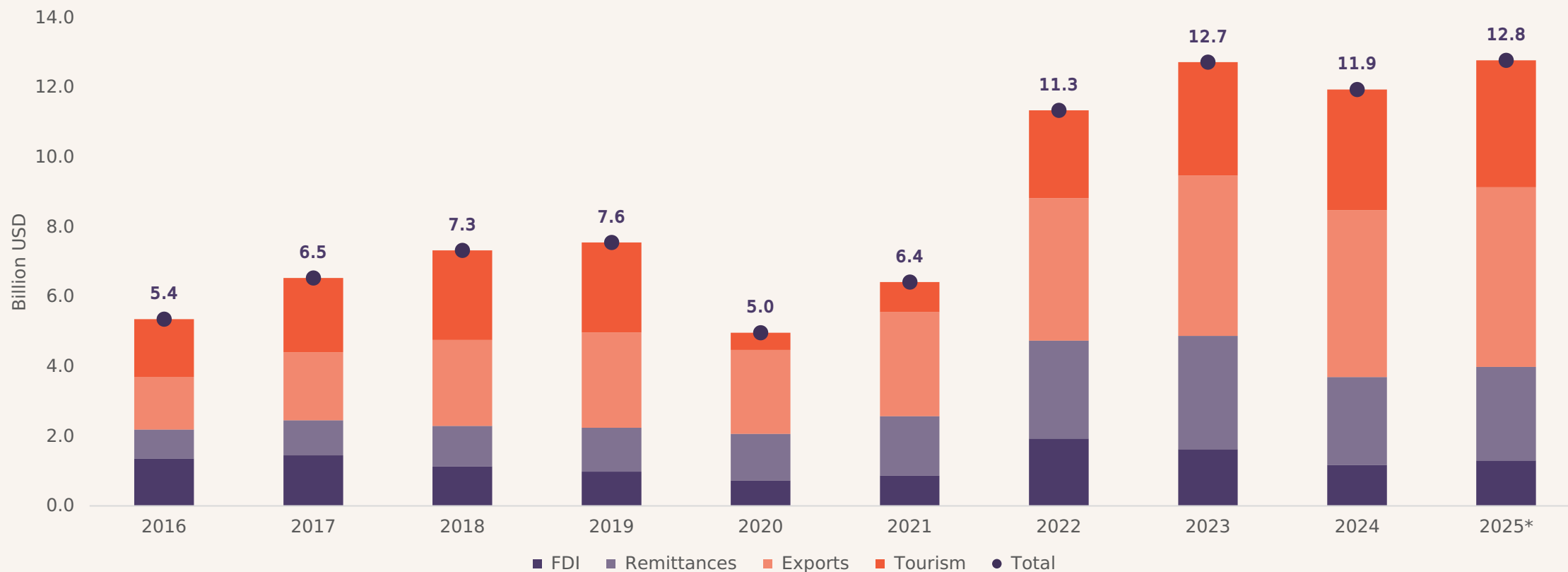
- In the first 9M 2025, **total money transfers** increased modestly by 6.4% YoY, largely due to a high base effect from Russia in 2022-2023 amid the Russian invasion of Ukraine, while transfers from other countries rose by 12.7% YoY.

- In 2025 9M, the highest annual growth in money transfers was recorded from the **USA** (+20.4%), followed by **Germany** (+18.3%) and **Israel** (+11.7%). During this period, money transfers from Russia decreased by 22.8%.

* Preliminary data



Foreign Exchange Inflows in Georgia (9M)

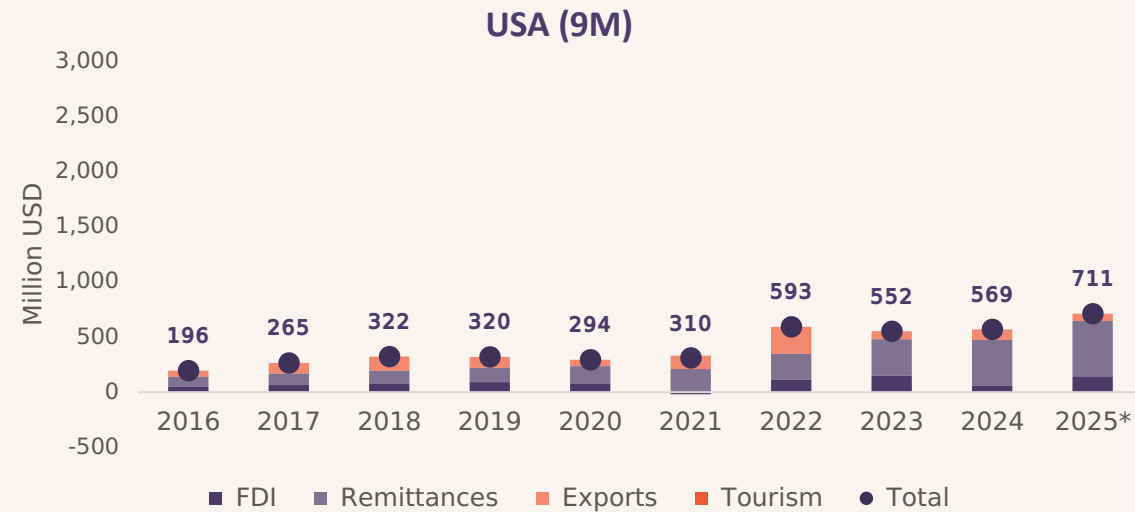
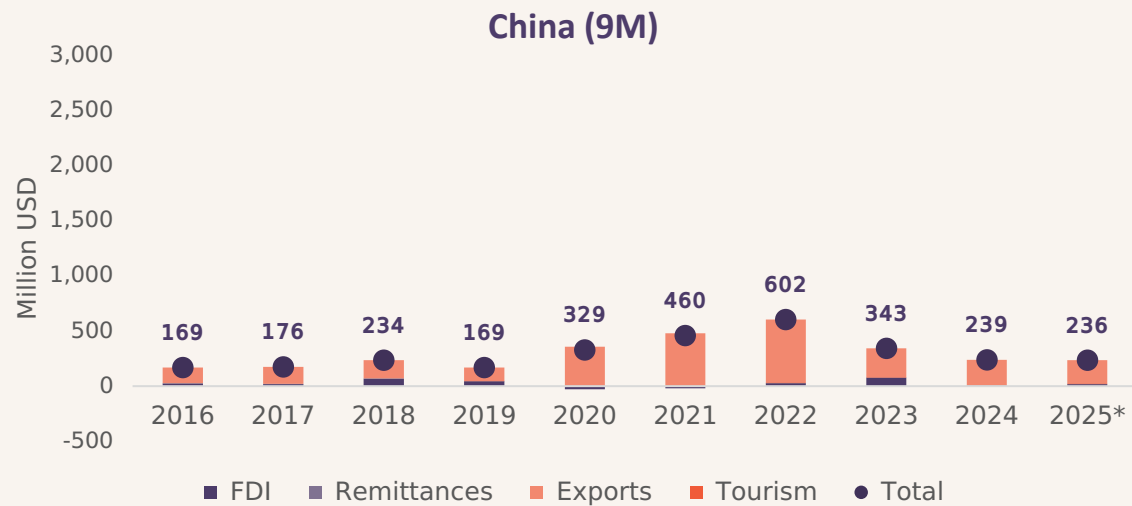
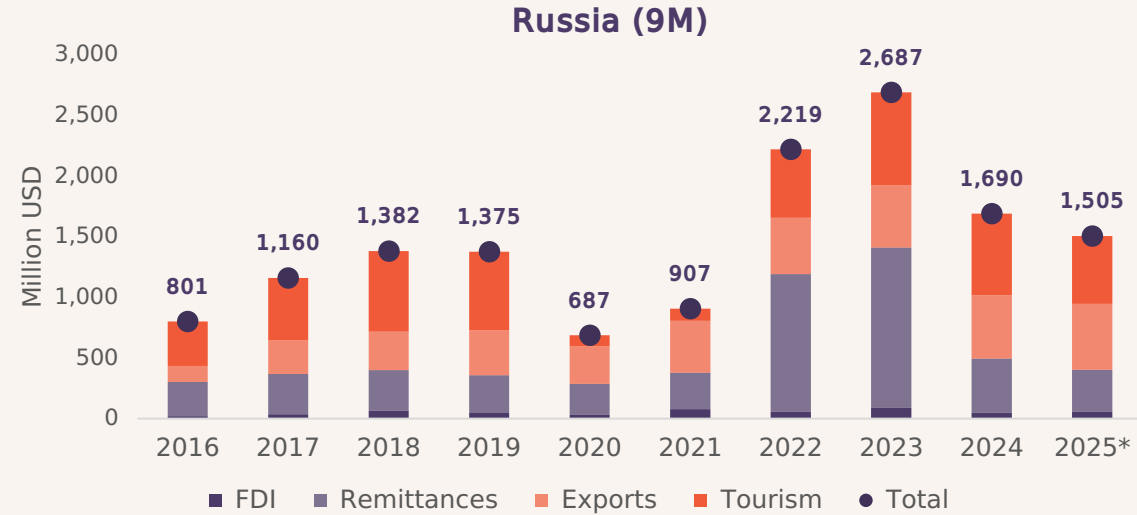
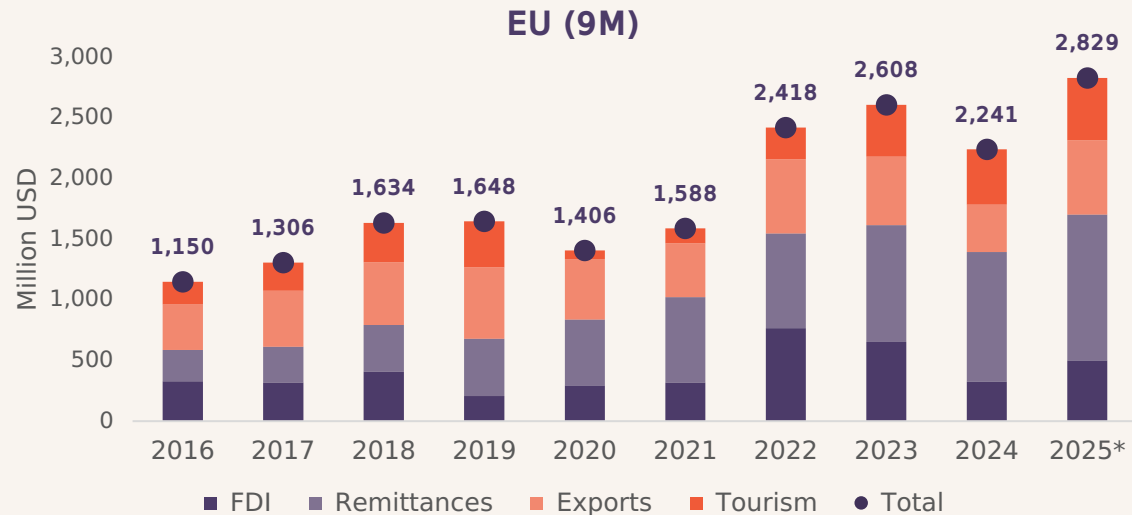


- In the first 9M 2025, total **foreign exchange inflows** amounted to US\$ 12.8 billion, which is a 7.0% increase compared to same period in 2024.

- All major sources of foreign exchange increased YoY in the first 9M 2025: FDI (+11.0%), exports (+7.7%), remittances (+6.4%), and international tourism income (+5.1%).



EXTERNAL SECTOR: FOREIGN EXCHANGE INFLOWS



* Data on income from international travel is not available for China and the USA due to the relatively small scale of such revenue from these countries.



Global economic growth

- Global economic growth is expected to moderate over the medium term. Global GDP growth is forecast to slow from 3.3 percent in 2024 to 3.2 percent in 2025. On an end-of-year basis, global growth is projected to decelerate from 3.6 percent in 2024 to 2.6 percent in 2025.
- Advanced economies are projected to grow by about 1.5 percent in 2025 and 2026. Growth in the United States is expected to slow to 2.0 percent.
- Emerging market and developing economies are projected to grow slightly above 4.0 percent, with performance varying significantly across countries. China's growth is expected to moderate, while India is projected to remain the fastest-growing major economy.
- Global inflation is expected to continue declining, falling to 4.2 percent in 2025. Disinflation is uneven across regions, with inflation remaining relatively elevated in some advanced economies.

International policy and global economic flows

- International migration flows declined sharply in the first half of 2025. This reflects tighter migration policies in advanced economies and weaker labor demand.
- Official development assistance decreased by 9 percent in 2024. Based on announced budget cuts by major donor countries, a decline of similar magnitude is expected in 2025.
- Recent trade policy announcements have partially eased earlier tariff escalations. As a result, effective tariff rates have moved down from their peak levels, converging toward a range of 10 to 20 percent for most countries.
- World trade volume is forecast to grow at an average rate of 2.9 percent in 2025 and 2026. This is supported by front-loading effects in 2025 but remains below the 3.5 percent growth recorded in 2024. Persistent trade fragmentation and supply chain reconfiguration continue to limit medium-term trade expansion.

- The Russian invasion of Ukraine weighs on the global economic outlook, sustaining volatility in energy, food, and fertilizer markets and contributing to heightened uncertainty, particularly in Europe and neighboring regions.
- The ongoing conflict in the Middle East, especially around the Red Sea, raises concerns about potential disruptions to global energy supplies and shipping routes, which could lead to increased costs and market volatility.
- At the same time, alternative trade routes are gaining strategic importance. The Middle Corridor, connecting China and Europe through Central Asia and the South Caucasus, is receiving increased attention as countries seek to diversify transport routes.



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