



# Quarterly Macroeconomic **Review**

I Quarter, 2026

Parliamentary Budget Office  
of Georgia

2026

May

## Main Macroeconomic indicators of I quarter, 2026\*

Real GDP Growth Rate

**9.1%**

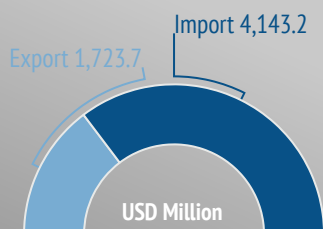


I Quarter

In I quarter, 2026 annual CPI inflation amounted to 4.6%, while annual core inflation was observed at 2.6%.



In I quarter, 2026 goods exports increased by 23.4%, while imports decreased by 7.1%.



In I Quarter, money transfers amounted to 898.6 million USD.

EU countries - 45.2%;

USA - 18.6%;

Russia - 12.0%;

Other countries - 24.1%.



In I quarter 2026, dollarization coefficient decreased on both, deposits and loans YoY.

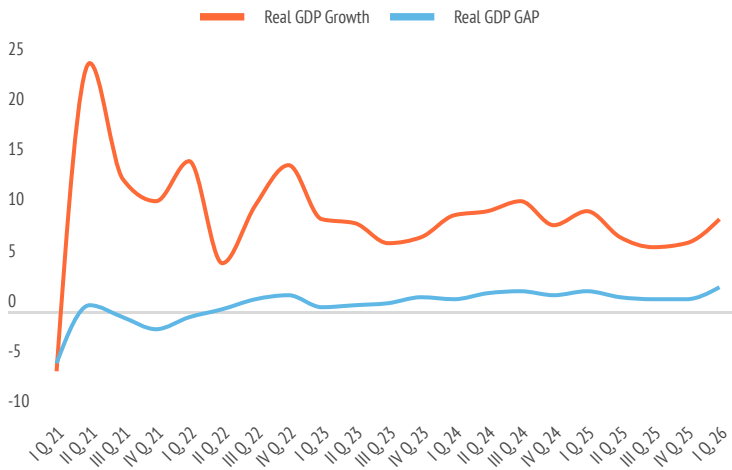


GEL appreciated against USD by 0.3% QoQ, while appreciated by 4.2% YoY.



# 1. Real Sector

GDP Dynamics (%)



In Q1 2026, according to the GEOSTAT preliminary estimate average growth rate of the real GDP amounted to 9.1%.

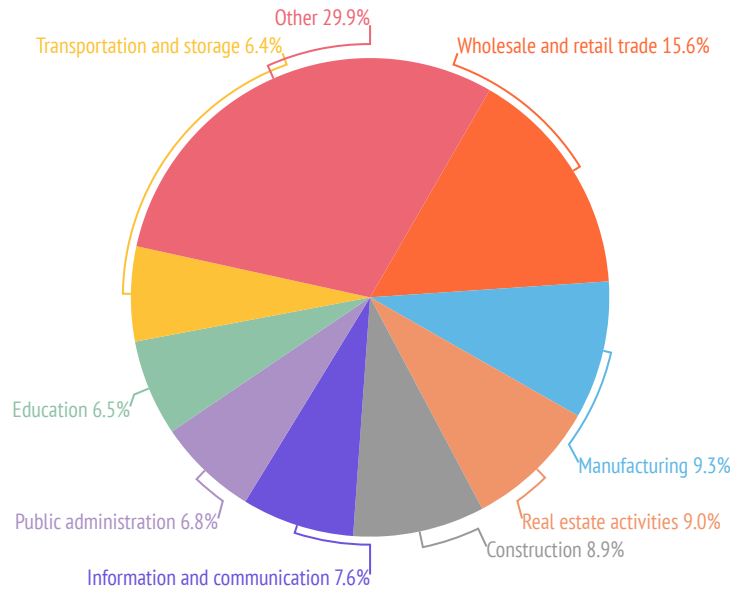
The economic growth estimate for Q1 2026 made by the Parliamentary Budget Office in February 2026 was 5.7%<sup>1</sup>, which took into account existing low rates of inflation.

According to the PBO evaluation, in Q1 2026, potential GDP was upper than the statistical measurement, hence the positive output gap equaled to 2.3%, while the output gap for the previous quarter was positive 1.2%.

In Q4\* 2025, as per PBO estimates, increase in consumption and export played major role in GDP growth.

Based on the analysis of the GDP components, in Q4\* 2025, real GDP increase was primarily driven by consumption (8.3 pp), export (5.3 pp). In the reporting period, investment (1.6 pp) and import (5.3 pp) had a negative impact on GDP.

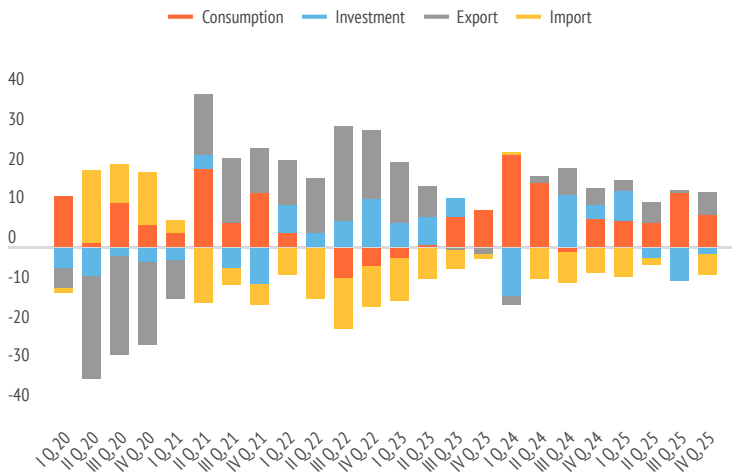
GDP Structure (IV Quarter)



In Q4\* 2025, wholesale and retail trade had the highest share in GDP structure.

In Q4\* 2025, wholesale and retail trade had the highest share<sup>2</sup> in GDP structure (15.6%). The important share was observed for several sectors, namely, manufacturing (9.3%), real estate activities (9.0%), construction (8.9%), information and communication (7.6%), public administration, defense, social security (6.8%), education (6.5%) and transport (6.4%).

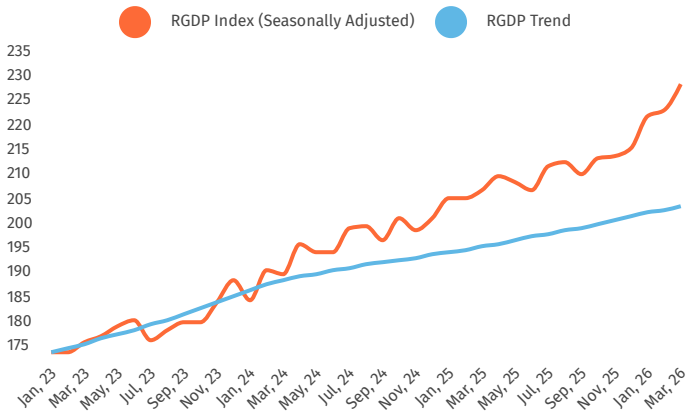
GDP Components (Contribution, %)



[1] [www.pbo.parliament.ge](http://www.pbo.parliament.ge)

[2] The share is calculated according by GDP in current prices

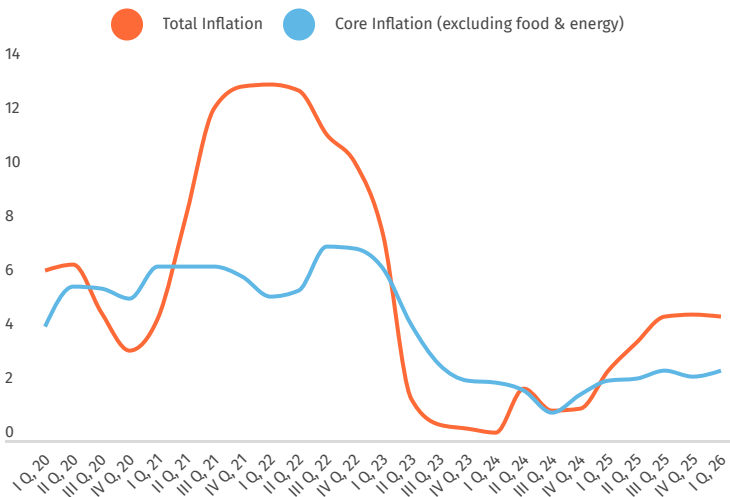
### Real GDP Trend



Observing monthly data reveals that the economic growth trend is not linear.

According to the PBO estimate, based on preliminary data, in Q1 2026, YoY growth of the real GDP trend<sup>3</sup> was 4.1%, compared to 3.9% growth rate in the respective period of 2025.

### Consumer Price Inflation (YoY, %)



[3] The trend represents monthly economic growth estimate with removed seasonality and random shocks

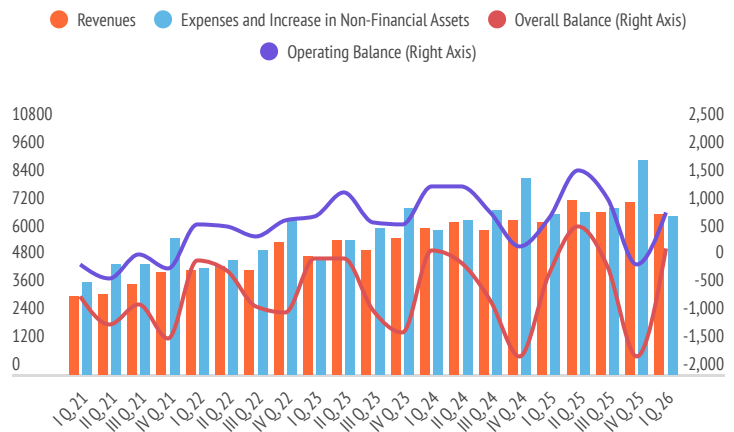
### In Q1 2026, consumer price inflation has increased YoY.

In Q1 2026, average annual inflation rate amounted to 4.6%, upper than the inflation target of 3.0%. Main sectors, increasing prices of which made positive contributions to the inflation rate, were food and non-alcoholic beverages, alcoholic beverages, tobacco, health and other groups.

In Q1 2026, average annual core inflation rate (excluding groups of food and non-alcoholic beverages and energy prices) amounted to 2.6%.

## 2. Fiscal Sector

### Consolidated Budget Balance (Million GEL)

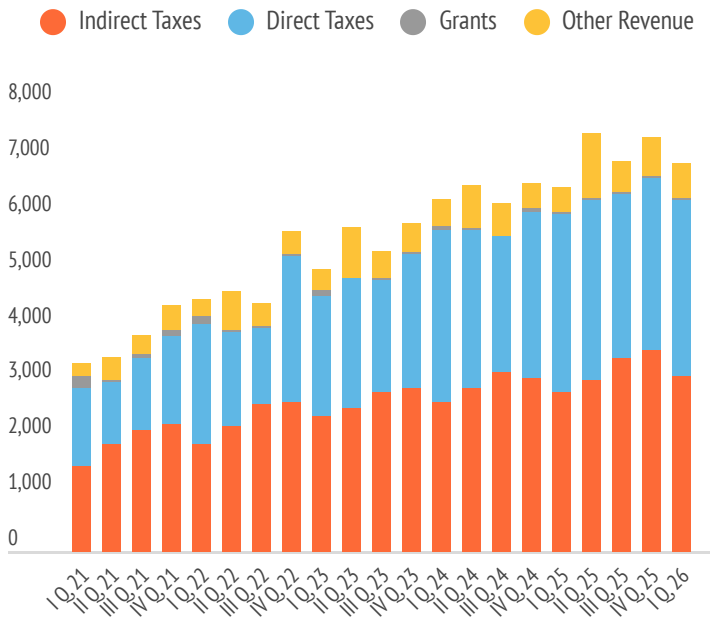


### In Q1 2026, a positive consolidated budget balance was observed.

In Q1 2026, consolidated budget revenues increased by 6.1% YoY and amounted to GEL 6,942.2 million while expenses and acquisition of non-financial assets decreased by 1.9% and totaled GEL 6,788.0 million.

In Q1 2026, compared to Q1 2025, the positive operating balance increased by GEL 114.3 million and amounted to GEL 917.1 million, while the overall positive balance totaled GEL 273.9 million. It is worth mentioning, that in the first quarter of 2025, the overall consolidated budget balance was negative and amounted to GEL 213.8 million.

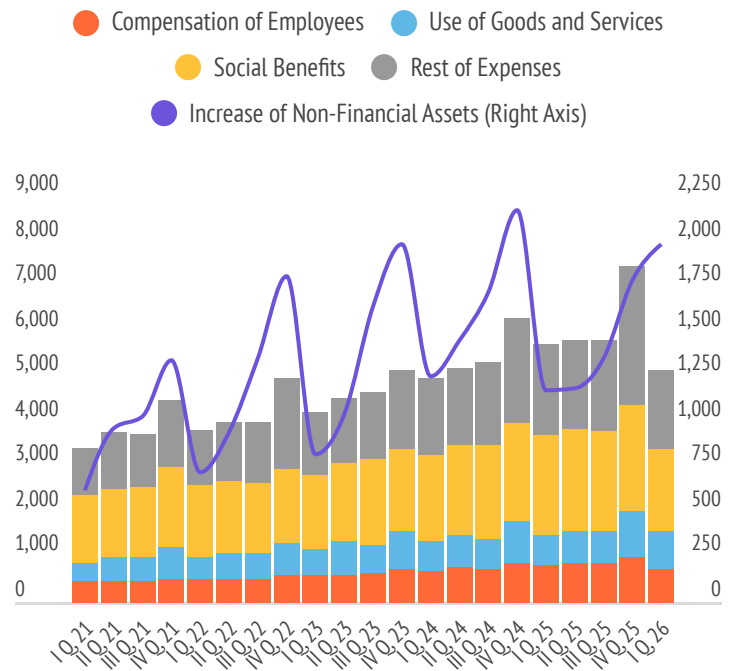
Consolidated Budget Revenues  
(Million GEL)



**In Q1 2026, tax revenues of consolidated budget increased by 4.1% YoY and amounted to GEL 6,329.3 million.**

In Q1 2026, direct taxes of consolidated budget decreased by 1.9% YoY and totaled GEL 3,154.9 million, while indirect taxes increased by 10.9% and reached GEL 3,174.4 million. It is noteworthy that during the period, the grant component decreased by 42.1% and amounted to GEL 14.3 million, while other revenues increased by 36.4% and amounted to GEL 598.6 million.

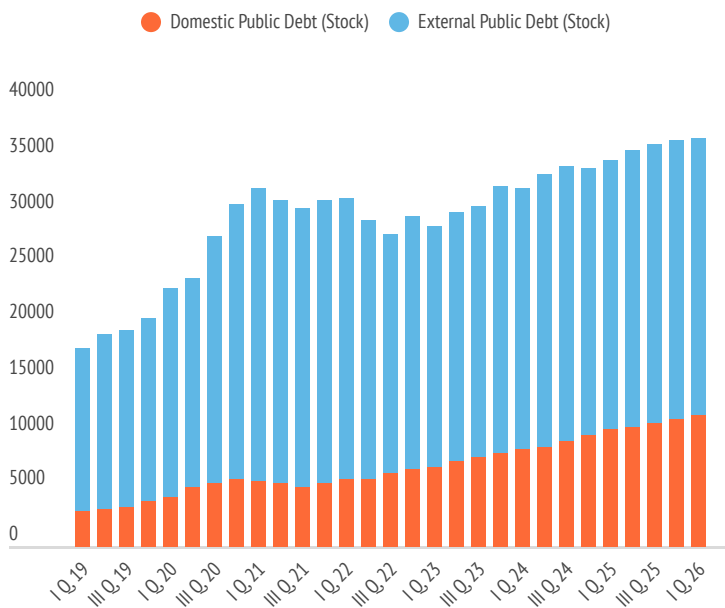
Consolidated Budget Expenditures and Increase of Non-financial Assets  
(Million GEL)



**In Q1 2026, recurrent expenditures increased, while capital expenditures decreased YoY.**

In Q1 2026, consolidated budget recurrent expenses increased by 5.0% YoY and amounted to GEL 6,025.1 million. Expenses in non-financial assets (i.e. capital expenditure) decreased by 35.2% YoY and reached GEL 762.9 million. During the mentioned period, expenditures on goods and services increased by 2.5% and amounted to GEL 678.1 million. Expenditures on compensation of employees increased by 14.0% and on social benefits increased by 8.5%, while in nominal terms they amounted to GEL 953.7 million and GEL 2,436.3 million. Other expenses (interest, subsidies, grants, other expenses) decreased by 1.9% and amounted to GEL 1,957.0 million.

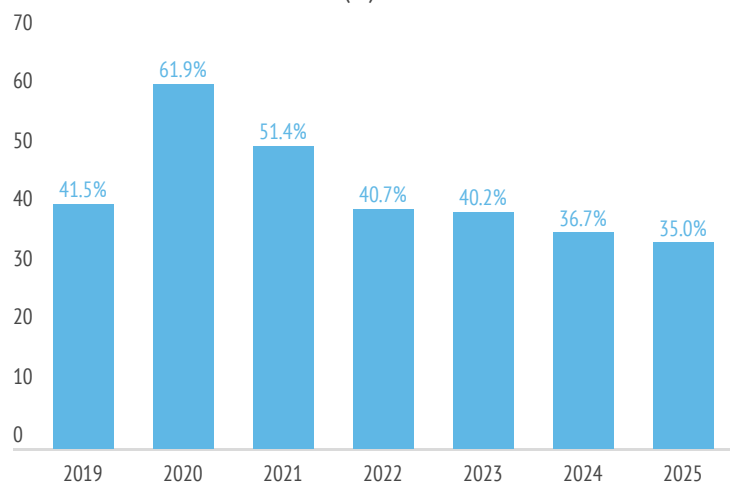
Public Debt  
(Million GEL)



As of 31 March 2026, public debt in nominal terms reached GEL 36,789 million, 5.9% increase YoY.

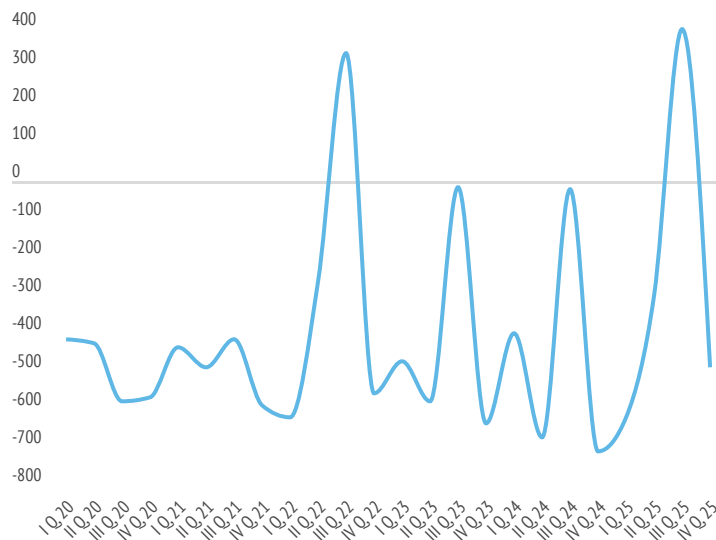
The external debt share made up 67.7% in Q1 2026 (69.4% at the end of Q1 2025), while the domestic debt share reached 32.3% (30.6% at the end of Q1 2025).

Total public debt to GDP (Annual)  
(%)



### 3. External Sector

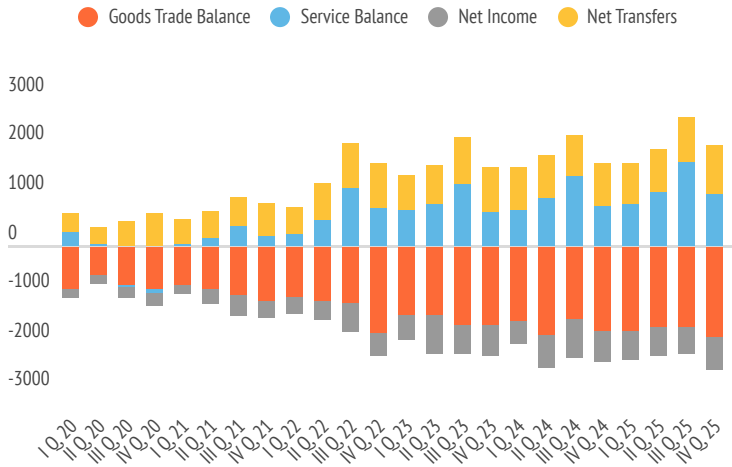
Current Account  
(Million USD)



In Q4\* 2025, the BOP current account balance was negative.

In Q4\* 2025, the negative current account balance reached USD 487.1 million (-4.6% of GDP). Based on the analysis of current account components, the trade balance of goods and net income deficit were partially compensated by the surplus in transfers and positive service balance, where income from foreign travel made a significant positive contribution. In particular, Q4\* 2025, the indicator increased by 9.2% YoY and totaled USD 1,052.4 million.

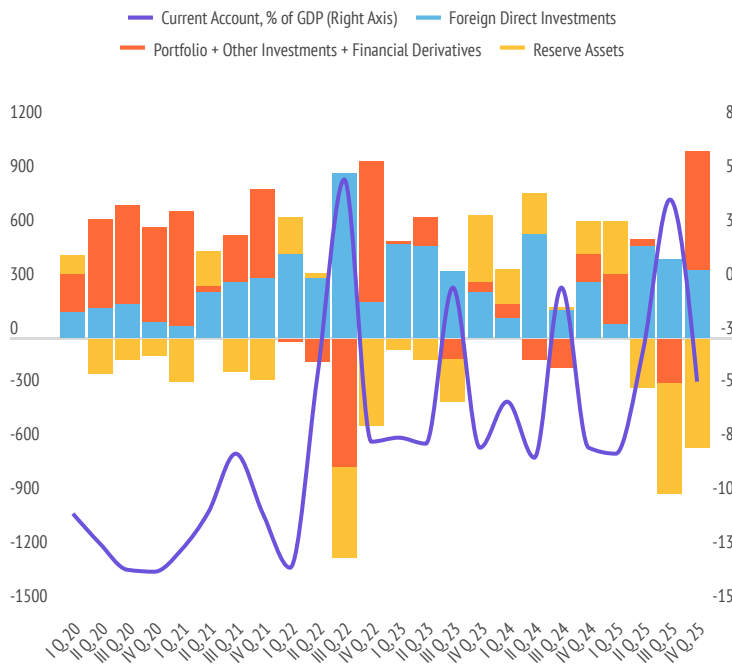
Current Account Components  
(Million USD)



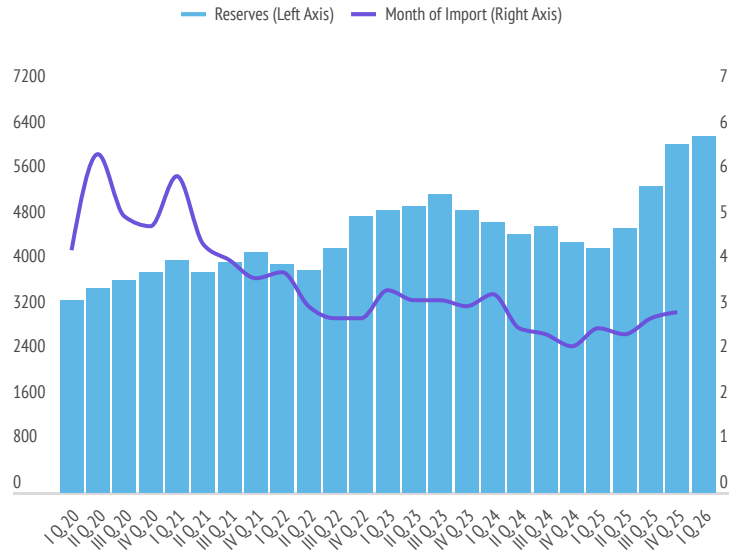
In Q4\* 2025, the primary financing source of the current account deficit were foreign direct and other investments.

During this period, net direct investments totaled USD 374.4 million (3.5% of GDP), a 20.3% increase in comparison with the same period of the previous year.

Current Account Balance and Financing Sources  
(Million USD)



Total International Reserves  
(Million USD, Month)

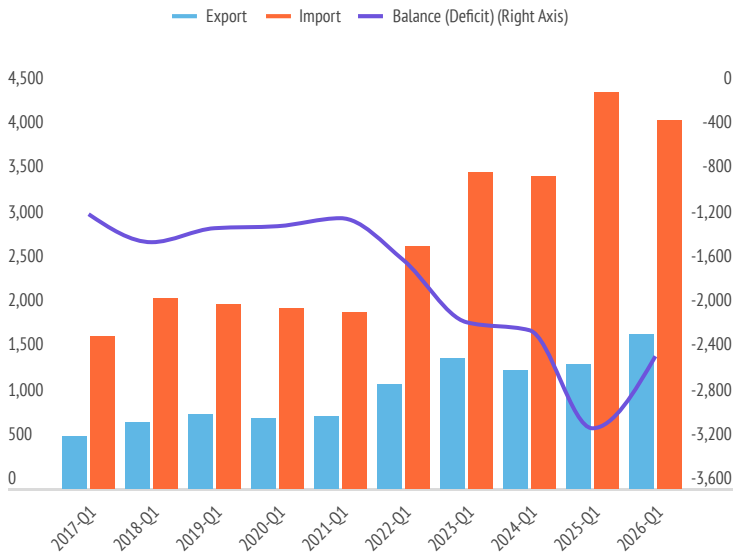


In Q1 2026, total international reserves amounted to USD 6,316.6 million.

At the end of Q1 2026, total international reserves made up USD 6,316.6 million, which is 46.5% increase YoY.

In Q1 2026, the National Bank of Georgia did not conduct foreign exchange operations at the foreign exchange auction.

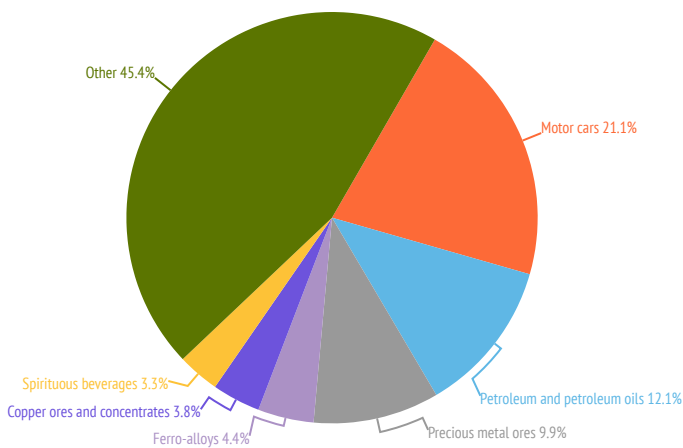
External Trade of Goods  
(Million USD)



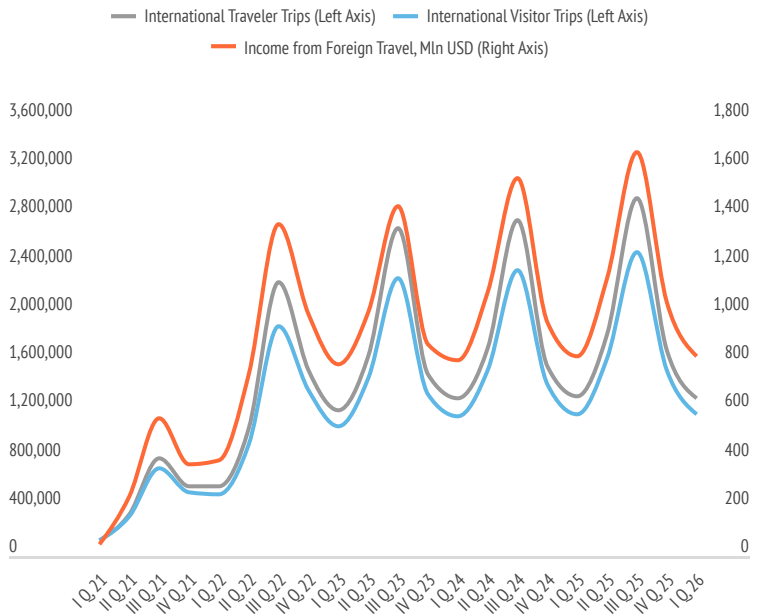
**In Q1 2026, export of goods increased and import of goods decreased.**

In Q1 2026, compared to the same period of the previous year, export of goods increased by 23.4% and amounted to USD 1,723.7 million, while import of goods decreased by 7.1% and totaled USD 4,143.2 million. In the reporting period share of the export in external trade increased from 23.9% to 29.4%. In I quarter of 2026, the largest export commodities were exports of motor cars (21.1%), petroleum and petroleum oils (12.1%), precious metal ores (9.9%), ferro-alloys (4.4%), copper ores and concentrates (3.8%) spirituous beverages (3.3%), and others.

Major Commodity Groups by Exports  
(I Quarter)



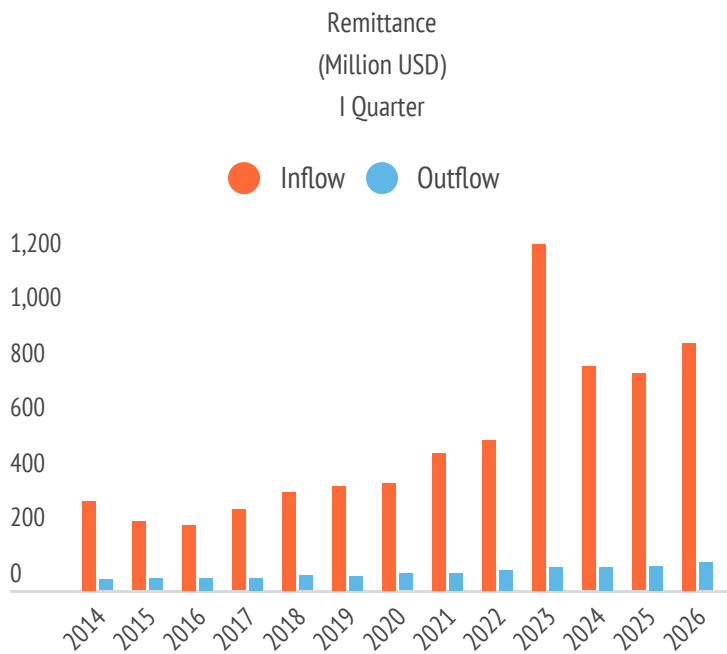
International Traveler Trips and  
Income from Foreign Travel



**In Q1 2026, both international traveler trips and international visitor trips have decreased.**

In Q1 2026, the number of international travelers decreased by 1.1% YoY and amounted to 1,300,505. International traveler trips also include trips made by international visitors. In Q1 2026, International visitor trips reached 1,170,362 (0.2% lower compared to the same indicator of Q1, 2025). The majority of international visitors' trips were from Turkey (238,368, increase by 5.8% YoY), Russia (230,717, increase by 5.2% YoY) and Armenia (160,473, decrease by 11.2% YoY).

In Q1 2026, income from foreign travel amounted to 829.8 mln USD, 0.5% increase YoY.

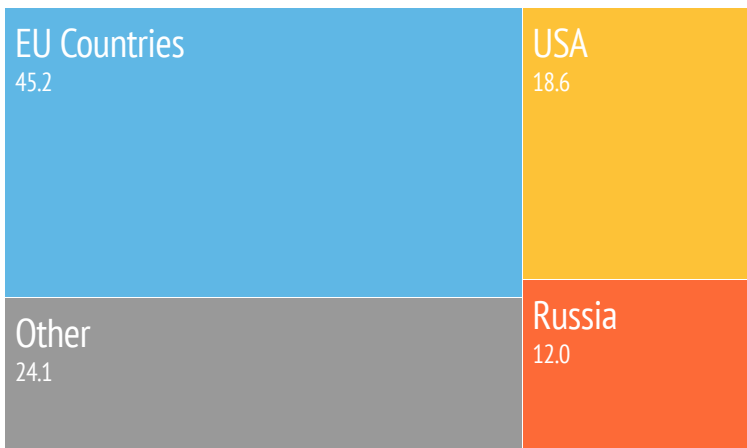


**In Q1 2026 remittances to Georgia increased.**

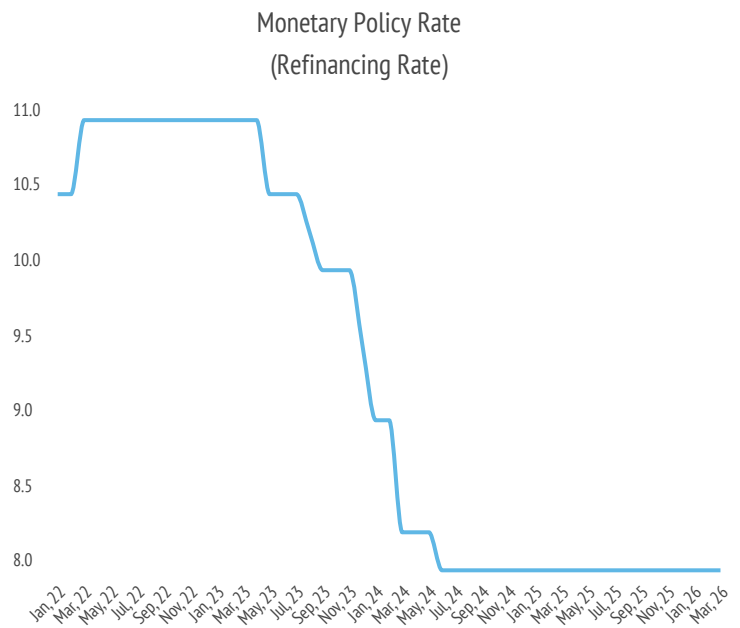
In Q1 2026, remittances increased by 14.2% YoY and amounted to USD 898.6 million. During this period the main source of money transfers are EU countries (45.2% of total) and USA (18.6%). In the analyzing period, remittances increased significantly from the following countries: Spain (33.8%), UK (31.6%), Turkey (30.9%), Netherlands (24.3%), France (20.9%), Germany (20.5%), Saudi Arabia (19.2%) and Israel (15.7%), etc.

In the analyzing period, remittances decreased significantly from Kirgizstan (33.7%) and Ireland (9.0%), etc.

Remittances (%)  
I Quarter



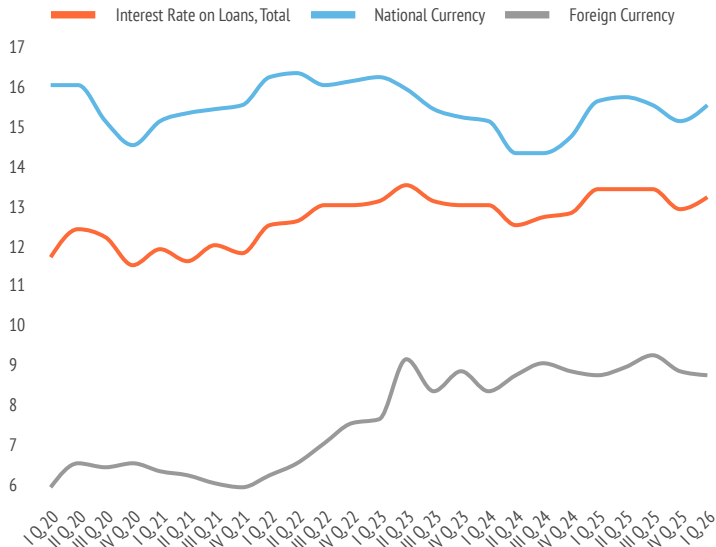
## 4. Monetary Sector



**In Q1 2026, the monetary policy (refinancing) rate was 8.0%.**

In response to the low inflation rate in the first quarter of 2024 in Georgia, National Bank of Georgia started to ease the monetary policy. On January 31, 2024, the monetary policy committee of the National Bank of Georgia decided to decrease the monetary policy rate by 0.5 pp up to 9.0%. On March 13, 2024, the monetary policy committee of the National Bank of Georgia decided to decrease the monetary policy rate by 0.75 pp. The monetary policy rate amounted to 8.25%. On May 22, 2024, the monetary policy committee again decided to decrease the monetary policy rate by 0.25 pp up to 8.0%, which remained unchanged by the Committee on June 19, July 30, September 11, October 23 and December 18 in 2024, January 29, March 12, May 7, June 18, July 30, September 10, November 5 and December 17 in 2025 and 11 February and 25 March in 2026.

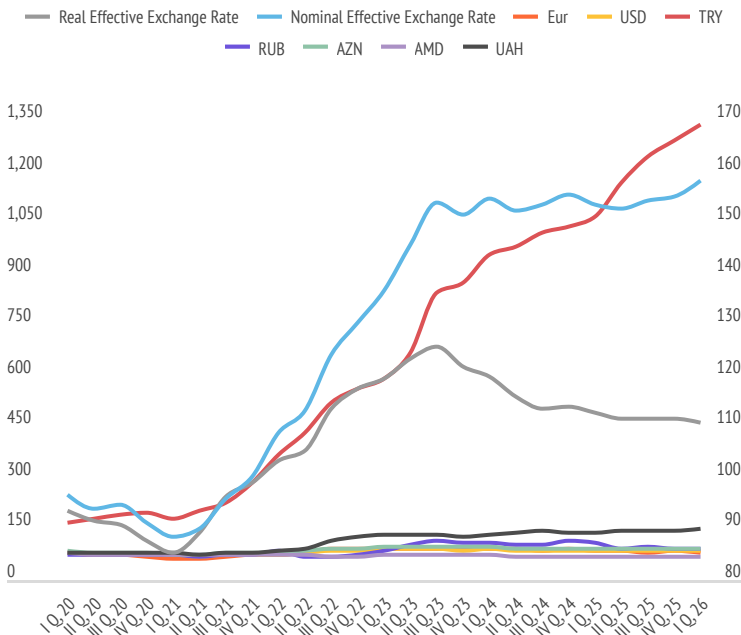
Market Interest Rates on Loans (%)



**In Q1 2026, the market interest rate on loans reached 13.5%.**

In Q1 2026, market interest rate on loans increased by 0.22 pp QoQ and reached 13.5%. The interest rate on national currency loans increased by 0.37 pp QoQ (15.8%), while on foreign currency loans decreased by 0.12 pp QoQ (9.0%).

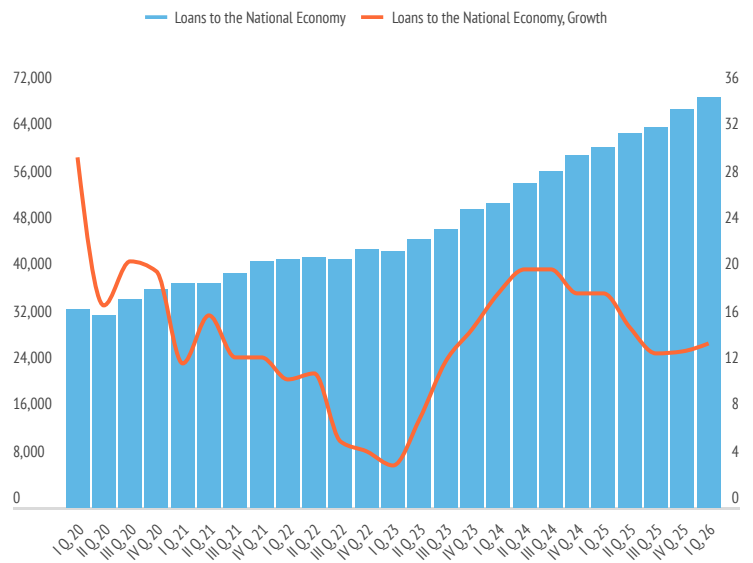
GEL Exchange Rate Indices (Increase of index means appreciation, decrease - depreciation)



**In Q1 2026, the exchange rate of GEL appreciated QoQ against USD, TRY, AZN and UAH, depreciated all other primary currencies.**

In Q1 2026, the exchange rate of GEL (period average) against USD appreciated by 0.3% QoQ and appreciated by 4.2% YoY. Compared to the Q1 2025, GEL depreciated against RUB (12.3%), EUR (6.3%), and AMD (0.3%), while appreciated against TRY (25.7%), UAH (8.2%) and AZN (4.2%).

Commercial Bank Loans to the National Economy (End of Period, Million GEL)

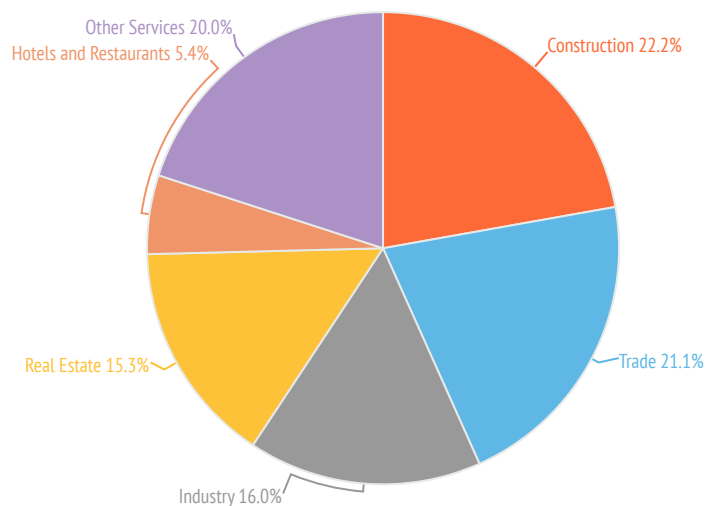


**In Q1 2026, loans to the national economy (end of period) increased.**

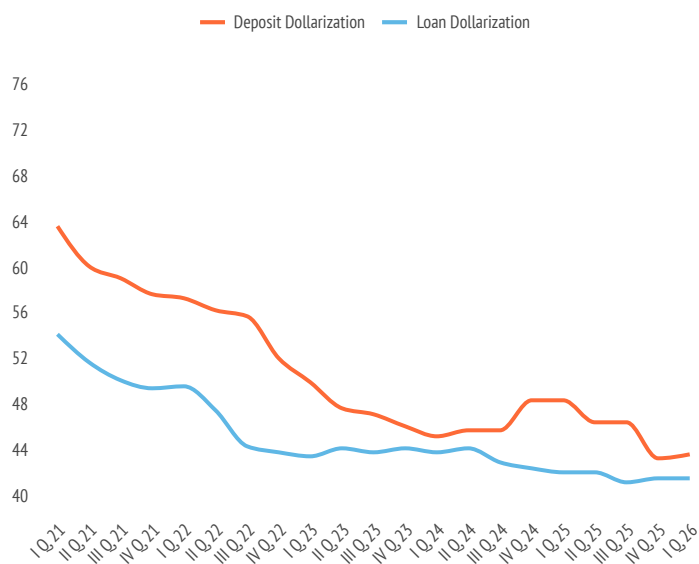
In Q1 2026, loans to the national economy increased by 14.0% YoY and amounted to GEL 70,204 million. More than half of total loans (53.8%) was distributed to households.

As for loans issued by types of activity, the highest 22.2% were issued in construction, 21.1% trade, 16.0% in industry, 15.3% in real estate and 5.4% in hotels and restaurants.

Loans by Types of Activity  
(Stocks)



Dollarization  
(%)



**In Q1 2026, the dollarization coefficient decreased on both, deposits and loans YoY.**

In Q1 2026, the dollarization on deposits amounted to 44.5%, which is 0.30 pp upper QoQ and 4.86 pp lower YoY. Meanwhile, dollarization on loans was observed at 42.4%, which is 0.08 pp increase quarterly and 0.59 pp decrease annually.

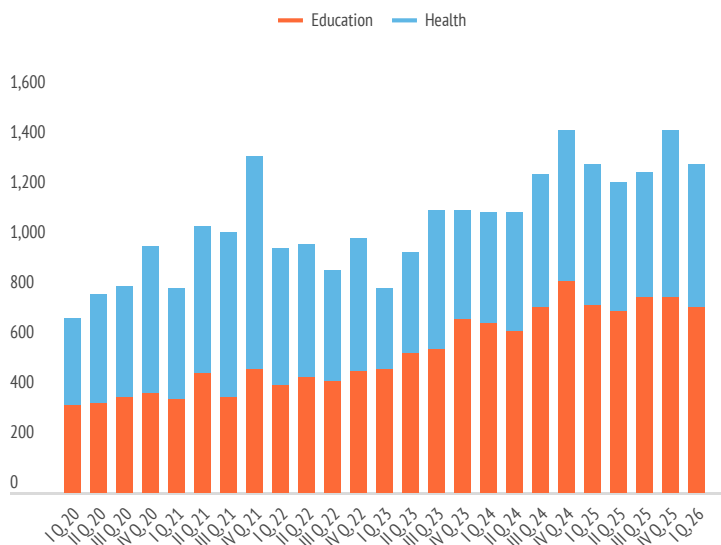
In Q1 2025, the dollarization coefficient on deposits and loans amounted to 49.3% and 43.0% YoY, respectively. In Q2 2025, dollarization on deposits amounted to 47.3%, while dollarization on loans was observed at 43.0%. In Q3 2025, the dollarization coefficient increased on deposits and decreased loans YoY, amounted to 47.4% and 42.1%, respectively. In Q4 2025, the dollarization coefficient decreased on both, deposits and loans YoY, amounted to 44.2% and 42.4%, respectively.

## 5. Social Sector

In Q1 2026, compared to the same period of the previous year, public expenditures decreased on education and increased on healthcare.

In Q1 2026, expenditure on education (as per functional classification) amounted to GEL 740.8 million, 2.0% decrease compared to the same period of the last year. Meanwhile expenditures on healthcare amounted to GEL 569.7 million, 2.0% increase YoY.

Public Expenditure on Education and Healthcare  
(Million GEL)



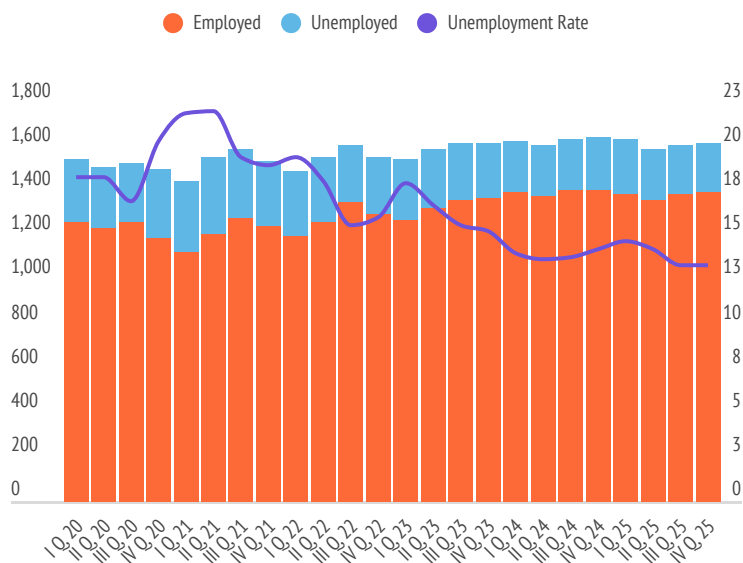
In Q4\* 2025, the total number of employed persons and total number of unemployed persons decreased YoY.

In Q4\* 2025, labor force decreased by 1.8% YoY and amounted to 1,617.5 thousand persons. The number of employed persons decreased by 0.7% YoY and amounted to 1,402.1 thousand (share of hired employees in total employed persons amounted 69.2%, while the share of self-employed persons was 30.7%). At the same time, the number of unemployed persons decreased by 7.9% YoY and amounted 215.4 thousand.

In addition, in the Fourth quarter of 2025, average monthly nominal earnings of employees amounted to 2,466.2 GEL, which is 11.2% increase YoY.

During the analyzing period, unemployment rate was observed at 13.3% (0.9 pp lower compared to Q4 2024).

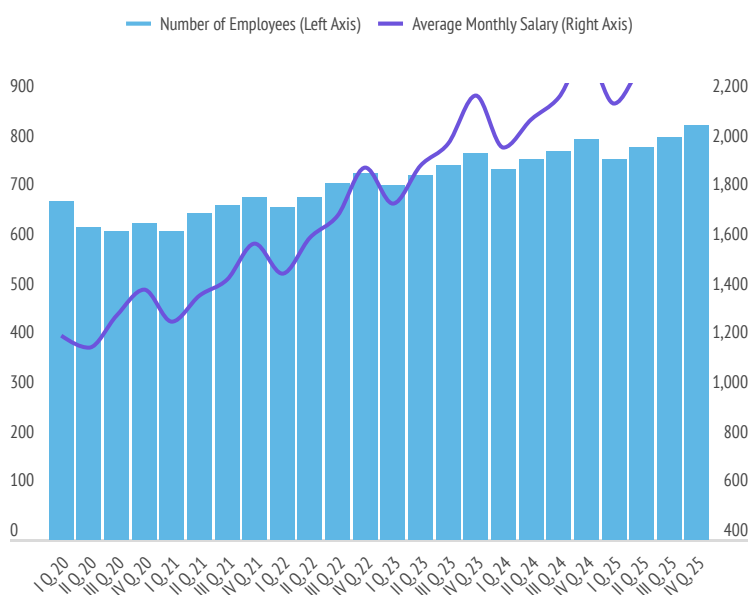
Labor Force Indicators  
(Thousand Persons)



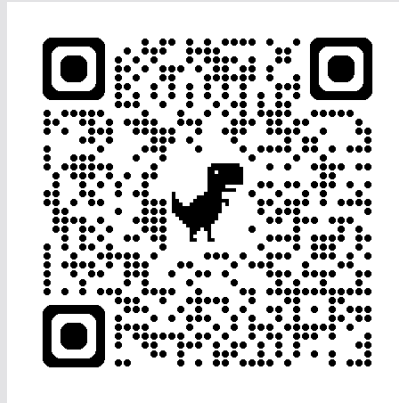
In Q4\* 2025, the total number of employees and salary in business sector increased YoY.

In Q4\* 2025, the number of employees in business sector increased by 3.4% YoY and amounted to 839.2 thousand (among which hired employees amounted to 782.8 thousand). Average monthly salary of hired employees increased by 10.2% (GEL 241.4 higher) YoY and amounted to GEL 2,608.4.

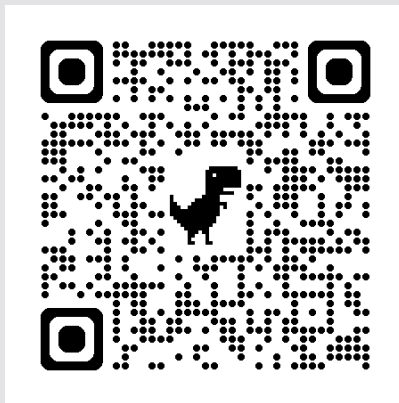
Employment (Thousand Employees) and Wages (GEL)



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