



# Quarterly Macroeconomic **Review**

III Quarter, 2025

Parliamentary Budget Office  
of Georgia

**2025**  
November

## Main Macroeconomic indicators of III quarter, 2025\*

Real GDP Growth Rate

**6.5%**

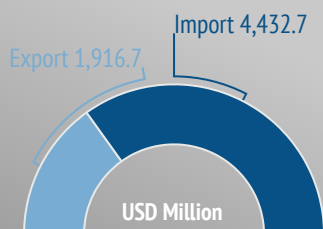


III Quarter

In III quarter, 2025 annual CPI inflation amounted to 4.6%, while annual core inflation was observed at 2.6%.



In III quarter, 2025 goods exports decreased by 1.2%, while imports decreased by 0.8%.



In III Quarter, money transfers amounted to 976.3 million USD.

EU countries - 44.9%;

USA - 18.4%;

Russia - 12.9%;

Other countries - 23.8%.



In III quarter 2025, dollarization coefficient increased on deposits, while decreased on loans YoY.

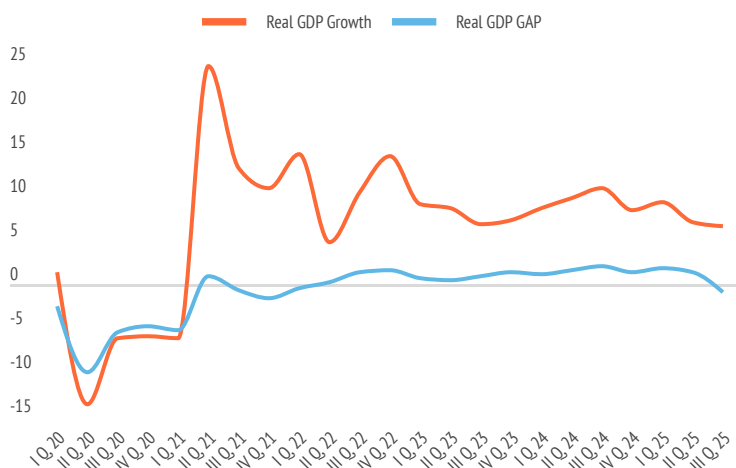


GEL appreciated against USD by 1.3% QoQ, while appreciated by 0.2% YoY.



# 1. Real Sector

GDP Dynamics (%)



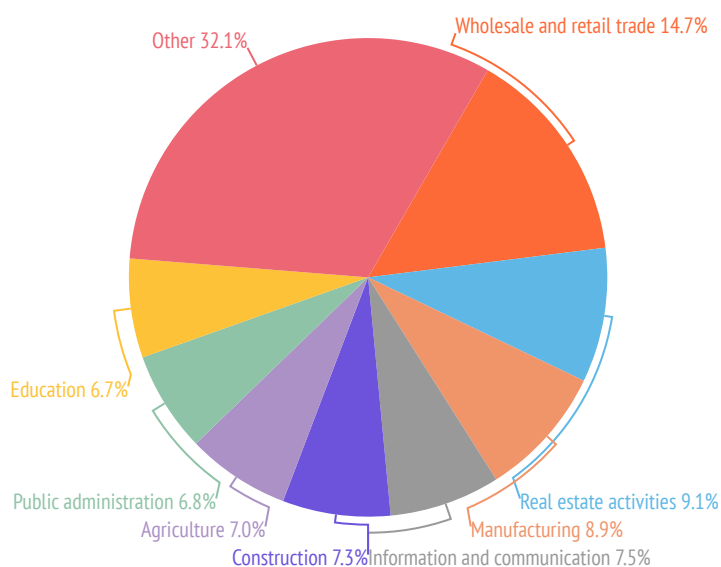
In Q3 2025, according to the GEOSTAT preliminary estimate average growth rate of the real GDP amounted to 6.5%.

The economic growth estimate for Q3 2025 made by the Parliamentary Budget Office in August 2025 was 6.1%<sup>1</sup>, which took into account existing low rates of inflation as well as the expected impact of the Russian-Ukraine war on the Georgian economy. According to the PBO evaluation, in Q3 2025, potential GDP was lower than the statistical measurement, hence the negative output gap equaled to 1.0%, while the output gap for the previous quarter was positive 1.3%.

In Q2\* 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 Q2\* 2025, real GDP increase was primarily driven by consumption (4.91 pp) and export (4.39 pp). In the reporting period, import (-1.78 pp) and investment (-0.18 pp) had a negative impact on GDP.

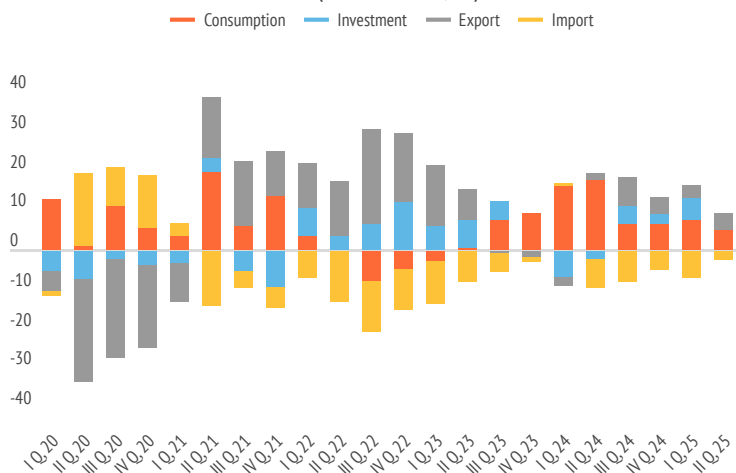
GDP Structure (II Quarter)



In Q2\* 2025, wholesale and retail trade had the highest share in GDP structure.

In Q2\* 2025, wholesale and retail trade had the highest share<sup>2</sup> in GDP structure (14.7%). The important share was observed for several sectors, namely, real estate activities (9.1%), manufacturing (8.9%), information and communication (7.5%), construction (7.3%), agriculture (7.0%), public administration, defense, social security (6.8%) and education (6.7%).

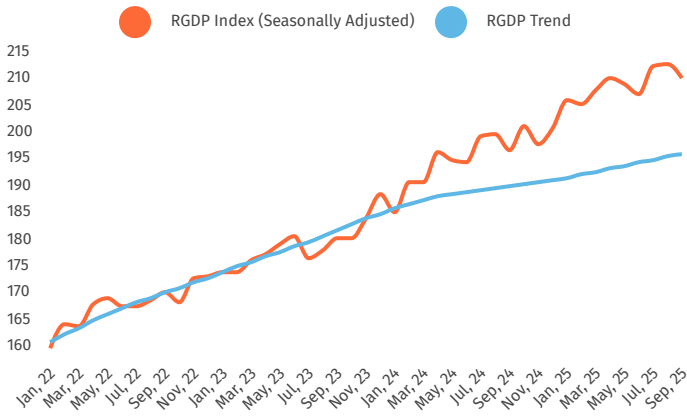
GDP Components (Contribution, %)



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

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

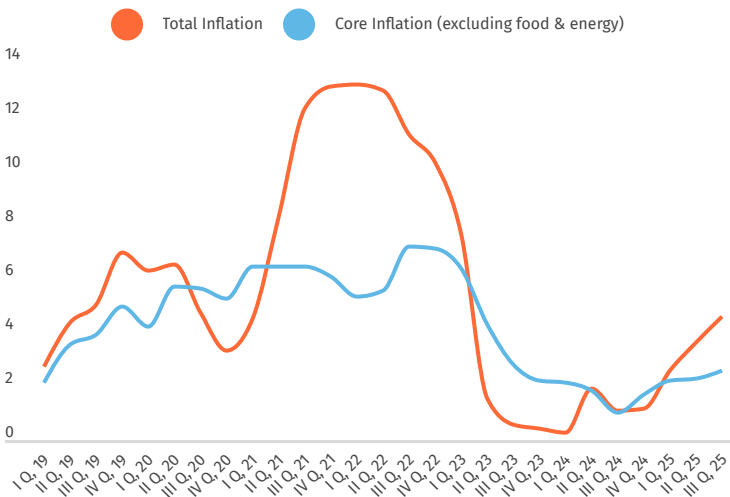
### Real GDP Trend



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

According to the PBO estimate, based on preliminary data, in Q3 2025, YoY growth of the real GDP trend<sup>3</sup> was 3.1%, compared to 5.0% growth rate in the respective period of 2024.

### Consumer Price Inflation (YoY, %)



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

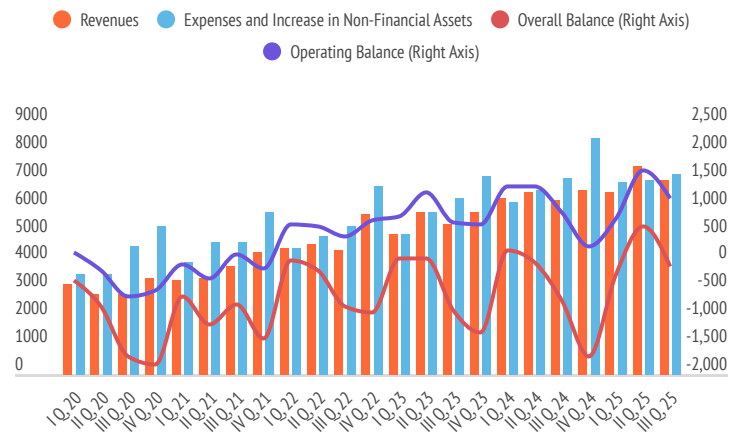
### In Q3 2025, consumer price inflation has increased YoY.

In Q3 2025, 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, health, transport, alcoholic beverages, tobacco and other groups.

In Q3 2025, 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)

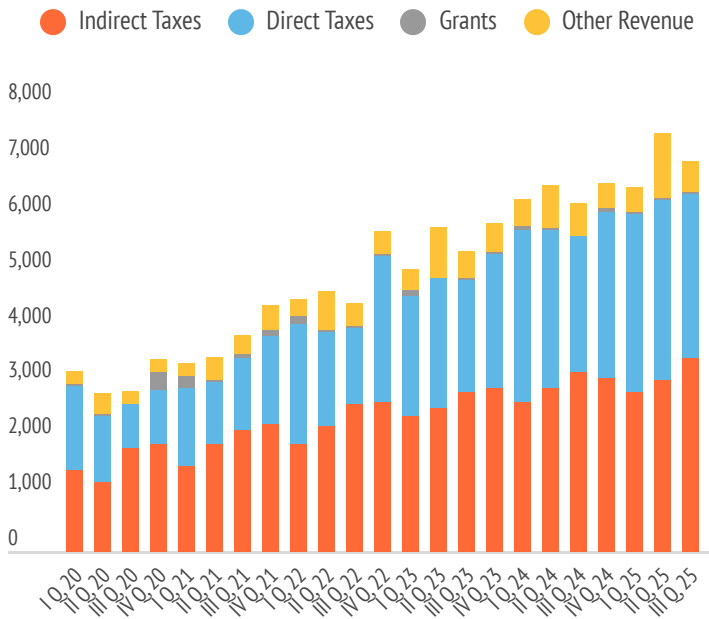


### In Q3 2025, a negative consolidated budget balance was observed.

In Q3 2025, consolidated budget revenues increased by 12.4% YoY and amounted to GEL 7,004.4 million while expenses and acquisition of non-financial assets increased by 1.8% and totaled GEL 7,172.0 million.

In Q3 2025, compared to Q3 2024, the positive operating balance increased by GEL 273.1 million and amounted to GEL 1,181.9 million, while the overall negative balance totaled GEL 54.4 million. It is worth mentioning, that in the third quarter of 2024, the overall consolidated budget balance was negative and amounted to GEL 657.9 million.

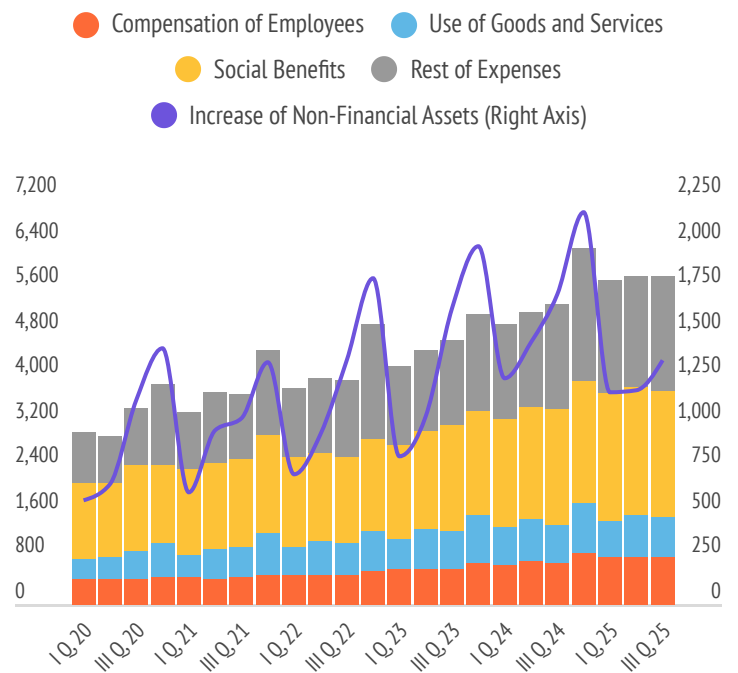
Consolidated Budget Revenues  
(Million GEL)



**In Q3 2025, tax revenues of consolidated budget increased by 13.5% YoY and amounted to GEL 6,416.5 million.**

In Q3 2025, direct taxes of consolidated budget increased by 21.4% YoY and totaled GEL 2,948.5 million, while indirect taxes increased by 7.6% and reached GEL 3,467.9 million. It is noteworthy that during the period, the grant component decreased by 0.6% and amounted to GEL 32.3 million, while other revenues increased by 1.2% and amounted to GEL 555.6 million.

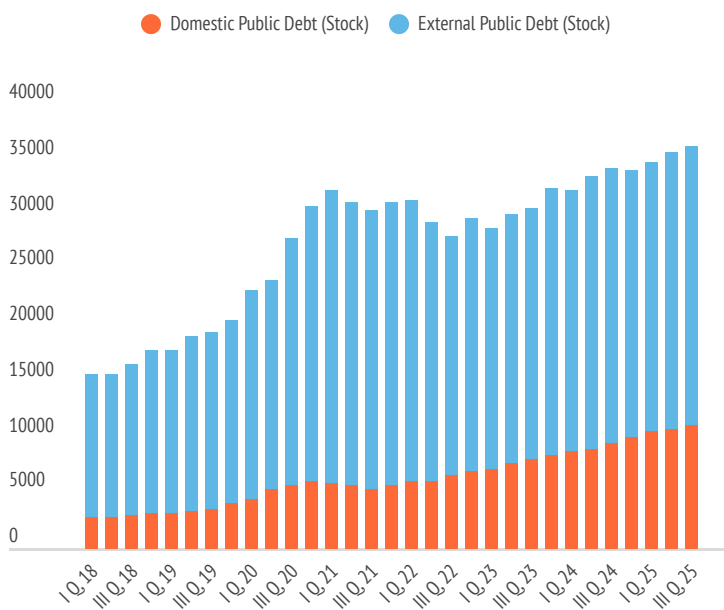
Consolidated Budget Expenditures and Increase of Non-financial Assets  
(Million GEL)



**In Q3 2025, recurrent expenditures increased, while capital expenditures decreased YoY.**

In Q3 2025, consolidated budget recurrent expenses increased by 9.4% YoY and amounted to GEL 5,822.5 million. Expenses in non-financial assets (i.e. capital expenditure) decreased by 21.5% YoY and reached GEL 1,349.5 million. During the mentioned period, expenditures on goods and services increased by 4.4% and amounted to GEL 709.0 million. Expenditures on compensation of employees increased by 16.1% and on social benefits increased by 8.0%, while in nominal terms they amounted to GEL 864.9 million and GEL 2,226.7 million. Other expenses (interest, subsidies, grants, other expenses) increased by 10.1% and amounted to GEL 2,021.9 million.

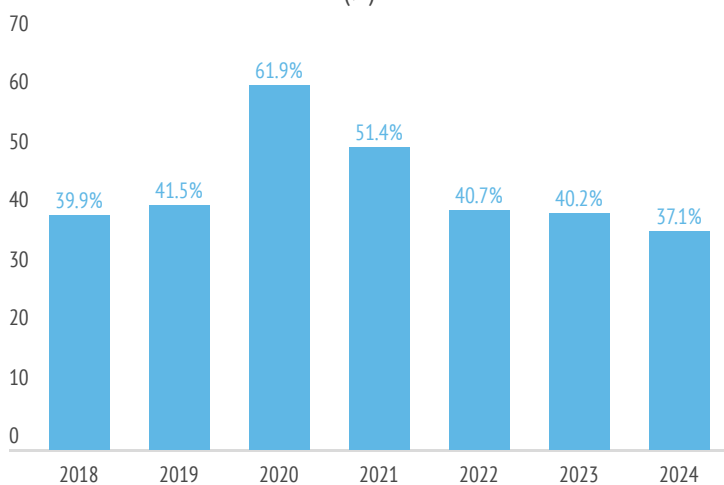
Public Debt  
(Million GEL)



As of 30 September 2025, public debt in nominal terms reached GEL 36,224 million, 6.0% increase YoY.

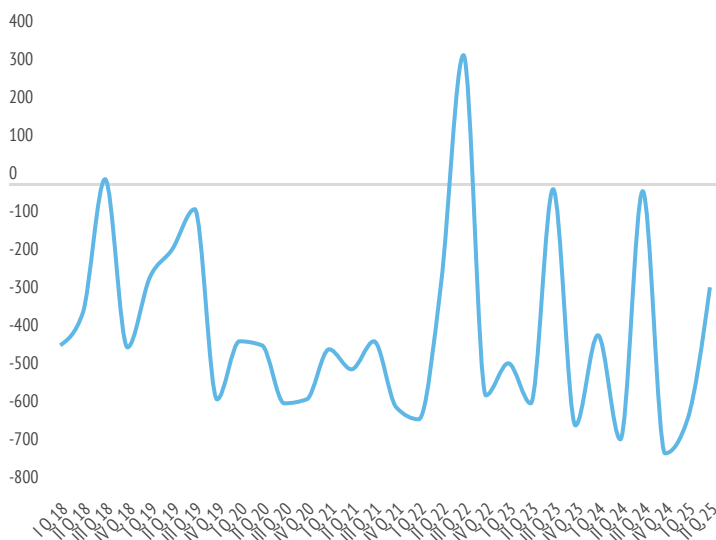
The external debt share made up 69.3% in Q3 2025 (72.1% at the end of Q3 2024), while the domestic debt share reached 30.7% (27.9% at the end of Q3 2024).

Total public debt to GDP (Annual)  
(%)



### 3. External Sector

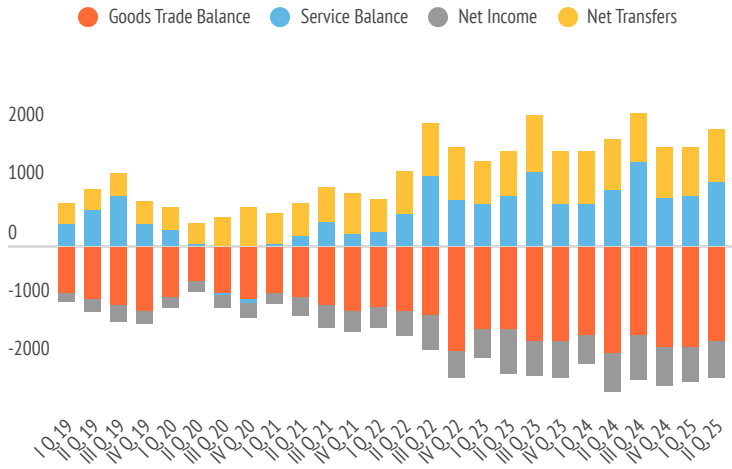
Current Account  
(Million USD)



In Q2\* 2025, the BOP current account balance was negative.

In Q2\* 2025, the negative current account balance reached USD 272.8 million (-3.0% 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, Q2\* 2025, the indicator increased by 5.0% YoY and totaled USD 1,145.0 million.

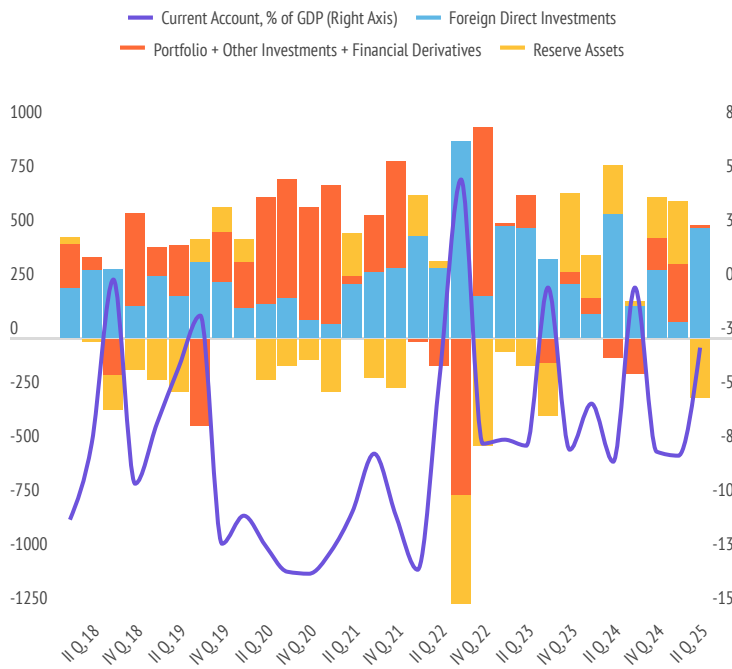
Current Account Components  
(Million USD)



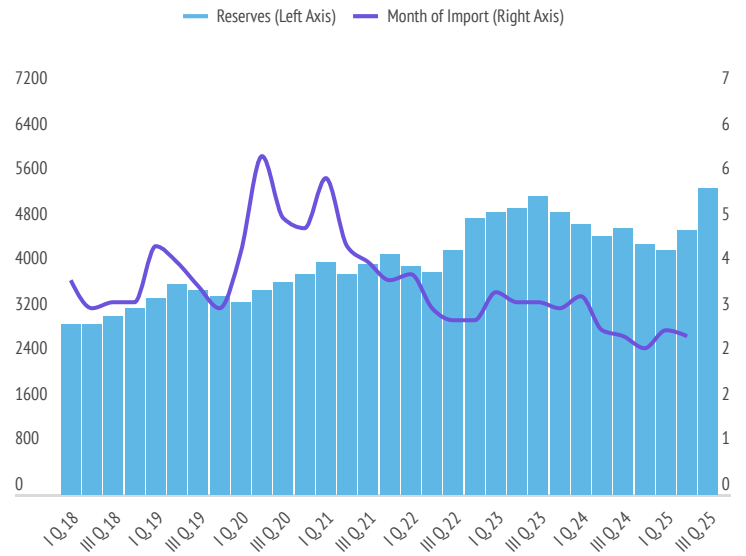
**In Q2\* 2025, the primary financing source of the current account deficit were foreign direct and other investments.**

During this period, net direct investments totaled USD 506.3 million (5.5% of GDP), a 11.4% decrease in comparison with the same period of the previous year.

Current Account Balance and Financing Sources  
(Million USD)



Total International Reserves  
(Million USD, Month)

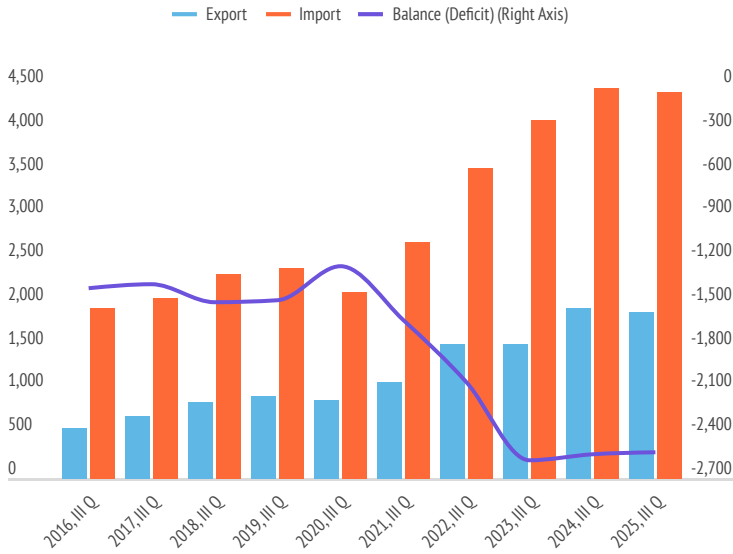


**In Q3 2025, total international reserves amounted to USD 5,427.6 million.**

At the end of Q3 2025, total international reserves made up USD 5,427.6 million, which is 15.2% increase YoY.

In Q3 2025, the National Bank of Georgia did not conduct foreign exchange operations at the foreign exchange auction.

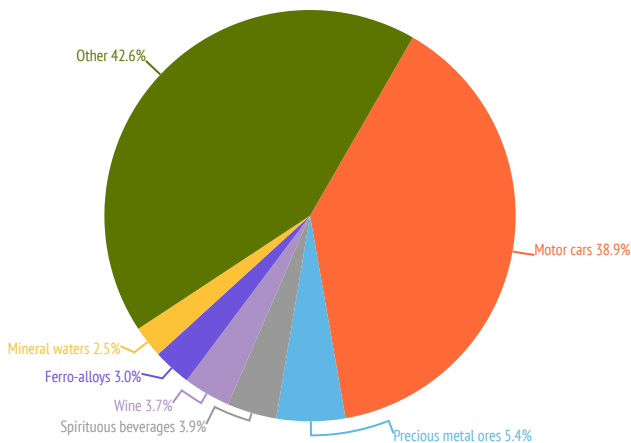
### External Trade of Goods (Million USD)



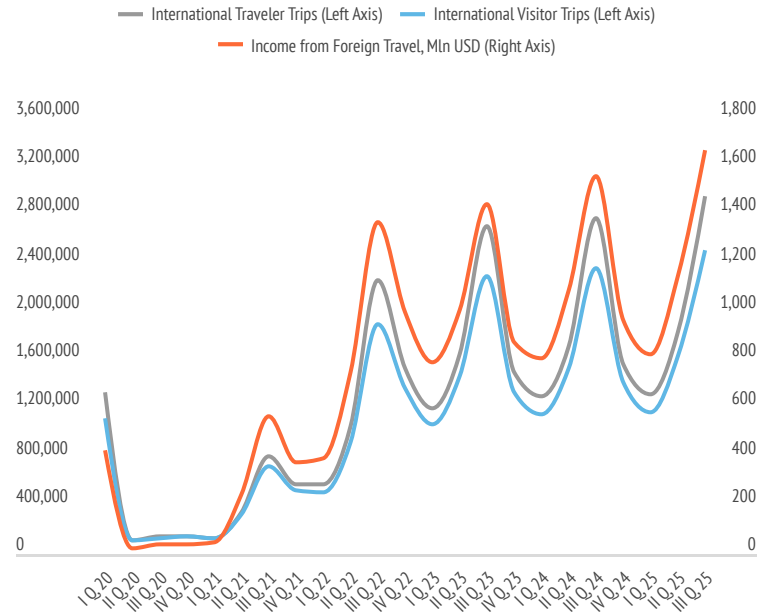
**In Q3 2025, export, as well as import of goods decreased.**

In Q3 2025, compared to the same period of the previous year, export of goods decreased by 1.2 % and amounted to USD 1,916.7 million, while import of goods decreased by 0.8% and totaled USD 4,432.7 million. In the reporting period share of the export in external trade decreased from 30.3% to 30.2%. In I-III quarter of 2025, the largest export commodities were exports of motor cars (38.9%), precious metal ores (5.4%), spirituous beverages (3.9%), wine (3.7%), ferro-alloys (3.0%), mineral and aerated waters (2.5%) and others.

### Major Commodity Groups by Exports (I-III Quarter)

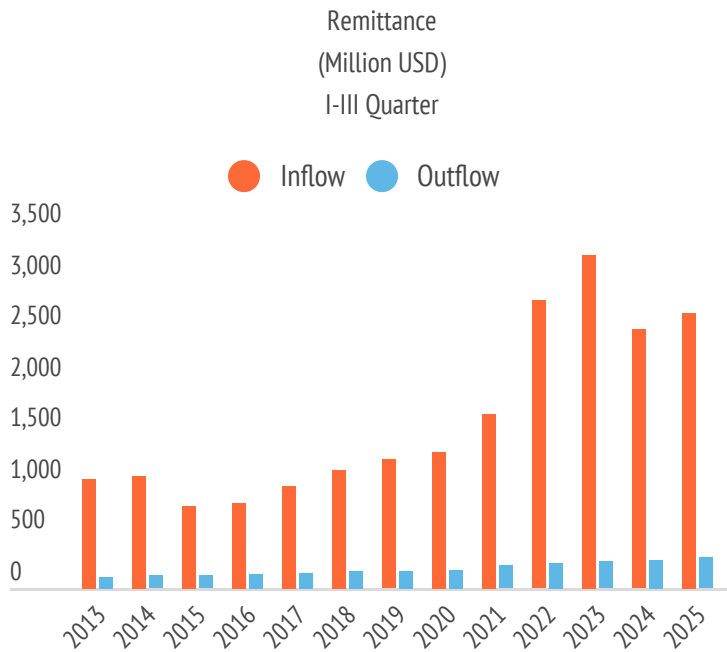


### International Traveler Trips and Income from Foreign Travel



**In Q3 2025, both international traveler trips and international visitor trips have increased.**

In Q3 2025, the number of international travelers increased by 6.6% YoY and amounted to 2,956,014. International traveler trips also include trips made by international visitors. In Q3 2025, International visitor trips reached 2,516,421 (6.8% higher compared to the same indicator of Q3, 2024). The majority of international visitors' trips were from Russia (664,645, increase by 13.9% YoY), Turkey (430,019, decrease by 1.4% YoY) and Armenia (329,326, decrease by 4.4% YoY). In Q3 2025, income from foreign travel amounted to 1,666.8 mln USD, 6.6% increase YoY.

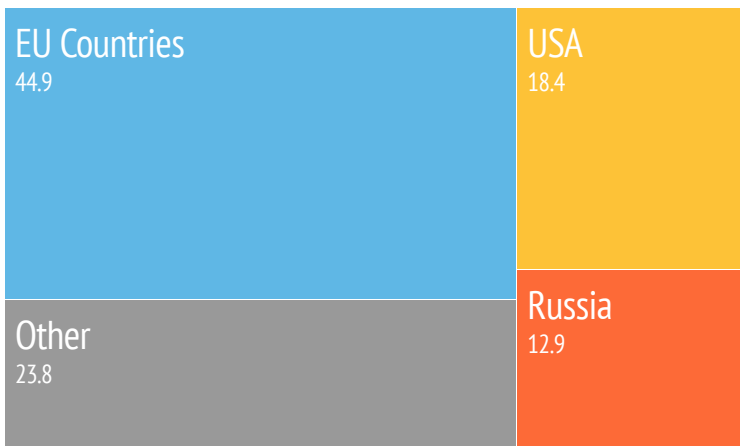


**In Q3, 2025 remittances to Georgia increased.**

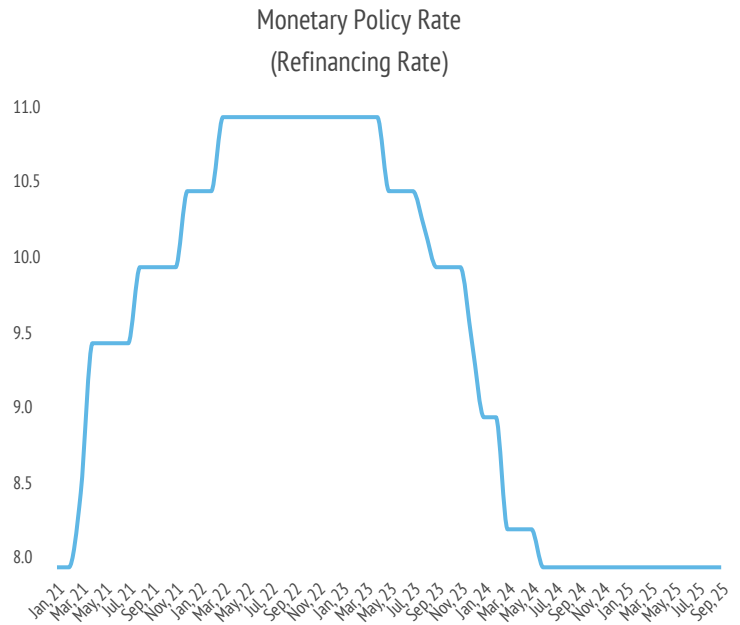
In Q3 2025, remittances increased by 12.0% YoY and amounted to USD 976.3 million. During this period the main source of money transfers are EU countries (44.9% of total) and USA (18.4%). In the analyzing period, remittances increased significantly from the following countries: Spain (32.4%), Netherlands (26.6%), Kirgizstan (24.6%), France (23.4%), USA (19.8%), Germany (16.9%), UK (14.0%), and Canada (12.6%), etc.

In the analyzing period, remittances decreased significantly from Kazakhstan (8.7%), and Azerbaijan (8.4%), etc.

Remittances (%)  
III Quarter



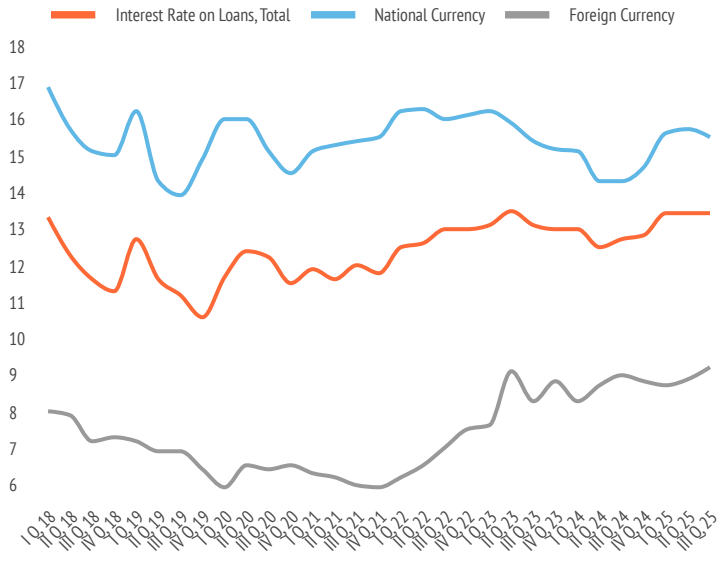
## 4. Monetary Sector



**In Q3 2025, 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 and January 29, March 12, May 7, June 18, July 30 and September 10 in 2025.

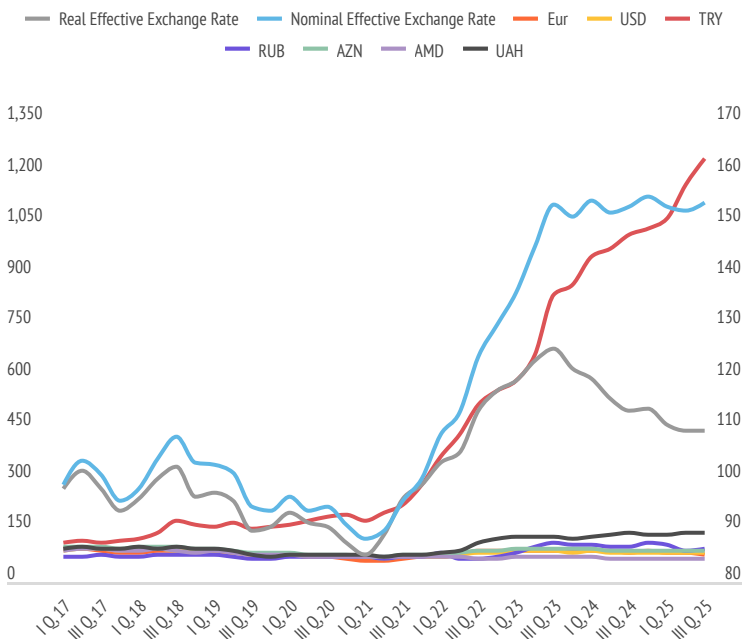
Market Interest Rates on Loans (%)



In Q3 2025, the market interest rate on loans reached 13.7%.

In Q3 2025, market interest rate on loans increased by 0.03 pp QoQ and reached 13.7%. The interest rate on national currency loans decreased by 0.20 pp QoQ (15.8%), while on foreign currency loans increased by 0.33 pp QoQ (9.5%).

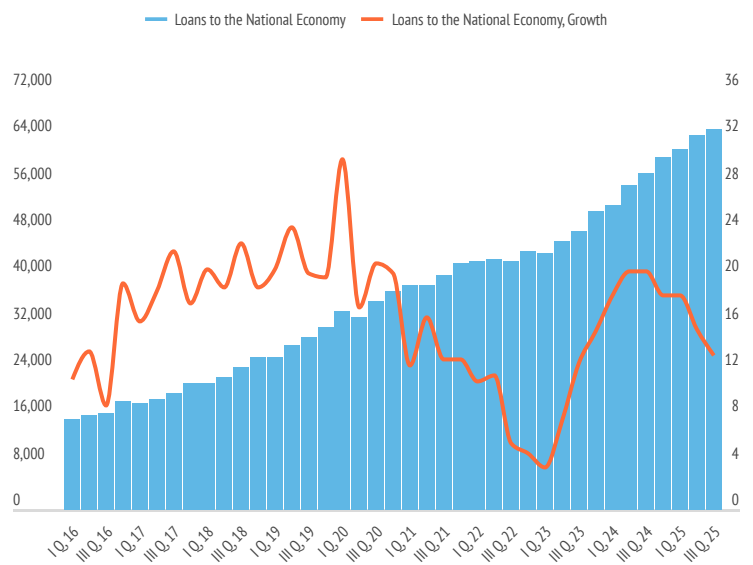
GEL Exchange Rate Indices (Increase of index means appreciation, decrease - depreciation)



In Q3 2025, the exchange rate of GEL depreciated QoQ against EUR, appreciated all other primary currencies.

In Q3 2025, the exchange rate of GEL (period average) against USD appreciated by 1.3% QoQ and appreciated by 0.2% YoY. Compared to the Q3 2024, GEL depreciated against EUR (5.8%), RUB (9.4%) and AMD (0.9%), while appreciated against TRY (21.9%), UAH (1.1%) and AZN (0.2%).

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

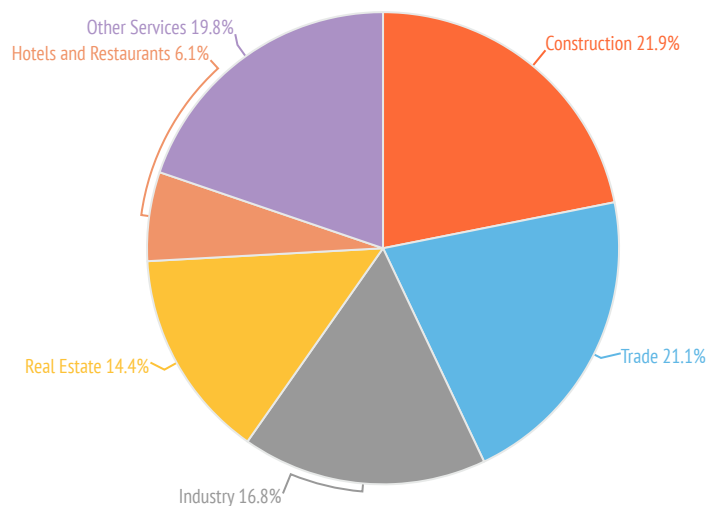


In Q3 2025, loans to the national economy (end of period) increased.

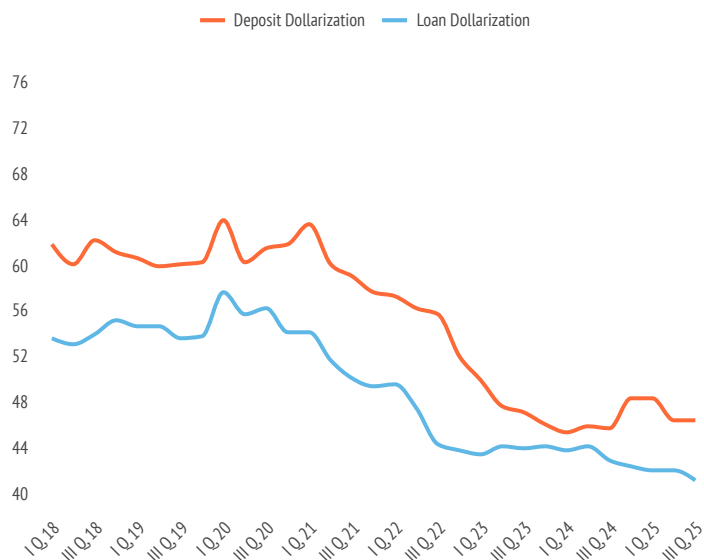
In Q3 2025, loans to the national economy increased by 13.2% YoY and amounted to GEL 65.119 million. More than half of total loans (54.0%) was distributed to households.

As for loans issued by types of activity, the highest 21.9% were issued in construction, 21.1% trade, 16.8% in industry, 14.4% in real estate and 6.1% in hotels and restaurants.

Loans by Types of Activity  
(Stocks)



Dollarization  
(%)



**In Q3 2025, the dollarization coefficient increased on deposits and increased loans YoY.**

In Q3 2025, the dollarization on deposits amounted to 47.4%, which is 0.05 pp upper QoQ and 0.71 pp upper YoY. Meanwhile, dollarization on loans was observed at 42.1%, which is 0.84 pp decrease quarterly and 1.63 pp decrease annually.

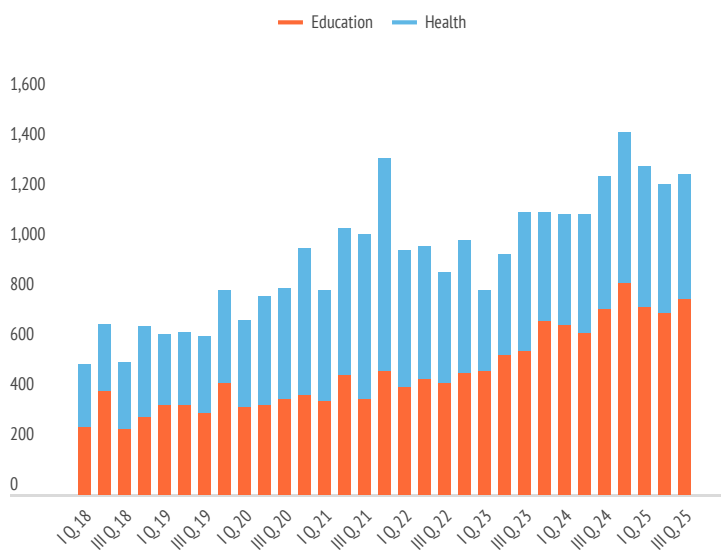
In Q1 2024, the dollarization coefficient on deposits and loans amounted to 46.2% and 44.7% YoY, respectively. In Q2 2024, dollarization on deposits amounted to 46.7%, while dollarization on loans was observed at 45.1%. In Q3 2024, the dollarization coefficient decreased on both deposits and loans YoY, amounted to 46.6% and 43.8%, respectively. In Q4 2024, the dollarization coefficient increased on deposits, while decreased on loans YoY, amounted to 49.3% and 43.3%, respectively.

## 5. Social Sector

In Q3 2025, compared to the same period of the previous year, public expenditures increased on education and decreased on healthcare.

In Q3 2025, expenditure on education (as per functional classification) amounted to GEL 782.8 million, 5.0% increase compared to the same period of the last year. Meanwhile expenditures on healthcare amounted to GEL 500.4 million, 4.3% decrease YoY.

Public Expenditure on Education and Healthcare (Million GEL)



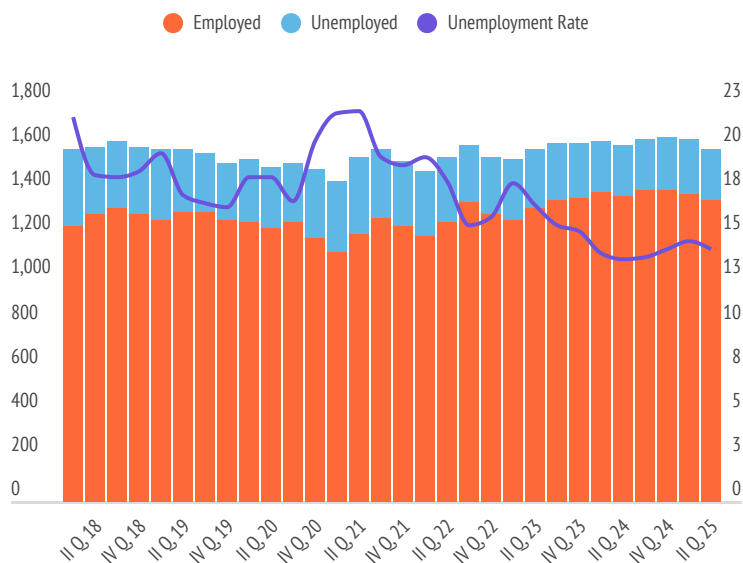
In Q2\* 2025, the total number of employed persons decreased, while the total number of unemployed persons increased YoY.

In Q2\* 2025, labor force decreased by 0.9% YoY and amounted to 1,593.9 thousand persons. The number of employed persons decreased by 1.6% YoY and amounted to 1,366.3 thousand (share of hired employees in total employed persons amounted 68.8%, while the share of self-employed persons was 30.9%). At the same time, the number of unemployed persons increased by 3.6% YoY and amounted 227.6 thousand.

In addition, in the second quarter of 2025, average monthly nominal earnings of employees amounted to 2,212.0 GEL, which is 10.3% increase YoY.

During the analyzing period, unemployment rate was observed at 14.3% (0.6 pp upper compared to Q2 2024).

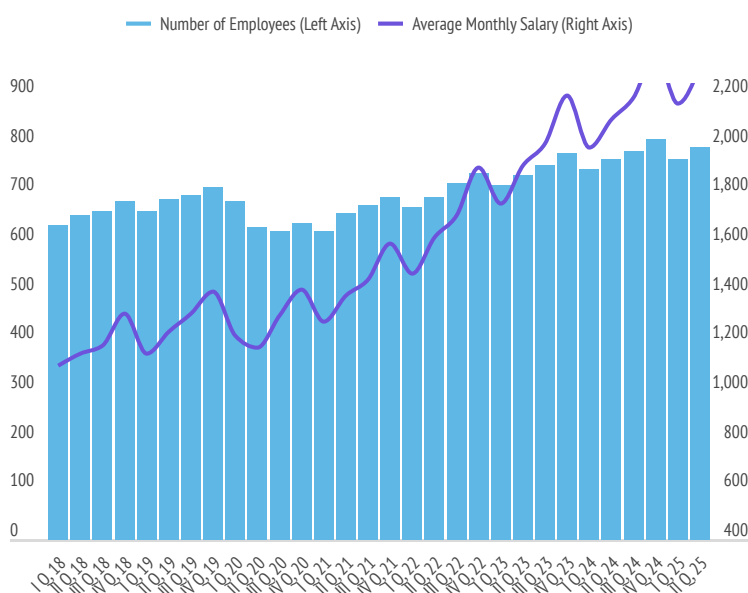
Labor Force Indicators (Thousand Persons)



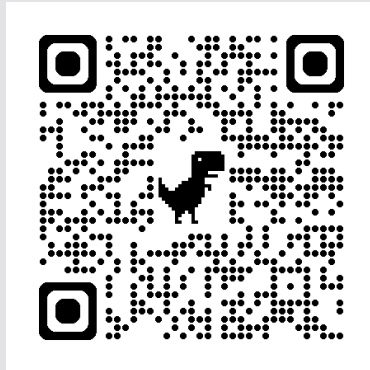
In Q2\* 2025, the total number of employees and salary in business sector increased YoY.

In Q2 2025, the number of employees in business sector increased by 3.3% YoY and amounted to 795.6 thousand (among which hired employees amounted to 745.3 thousand). Average monthly salary of hired employees increased by 10.1% (GEL 212.1 higher) YoY and amounted to GEL 2,317.6.

Employment (Thousand Employees) and Wages (GEL)



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