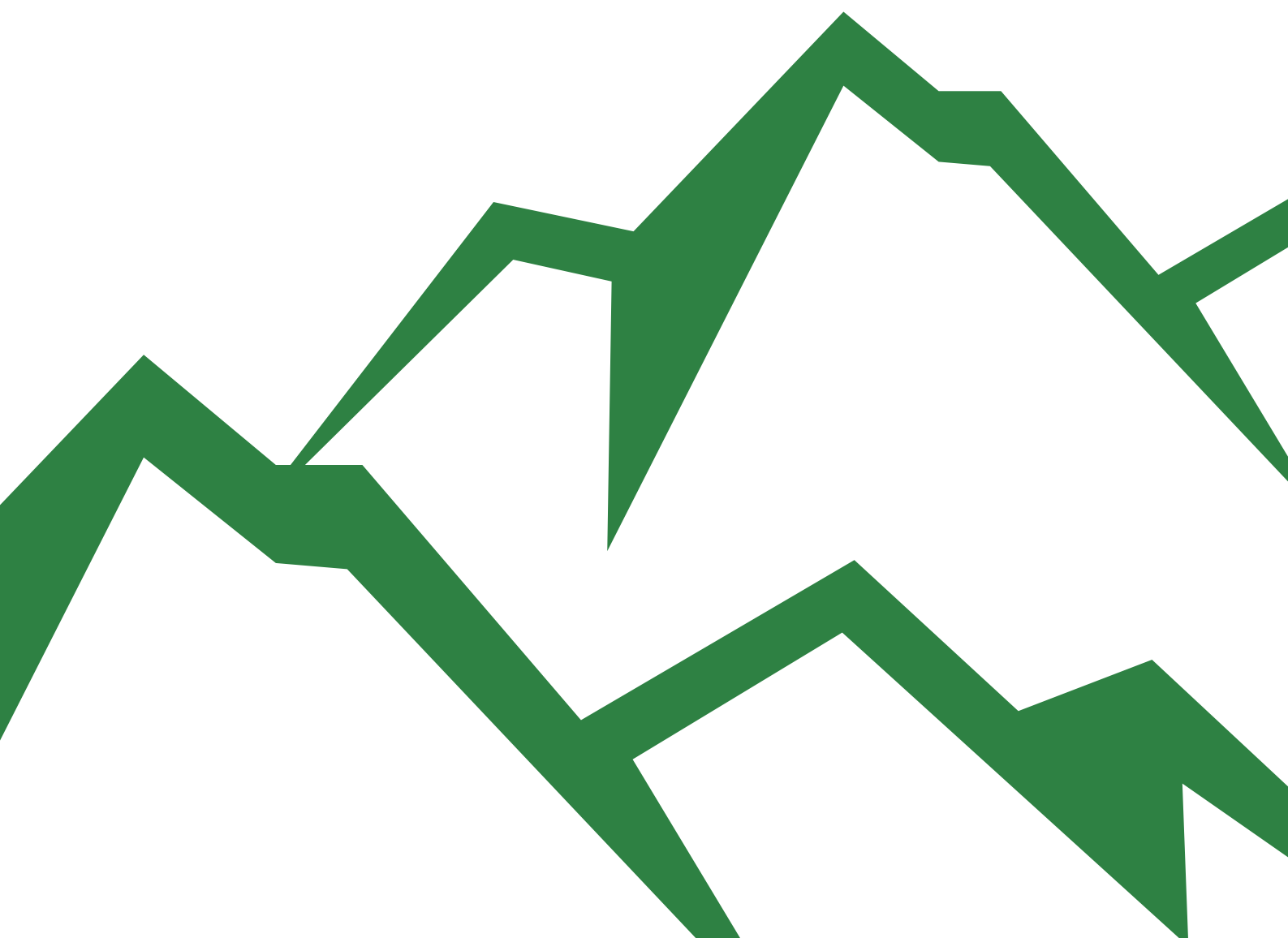


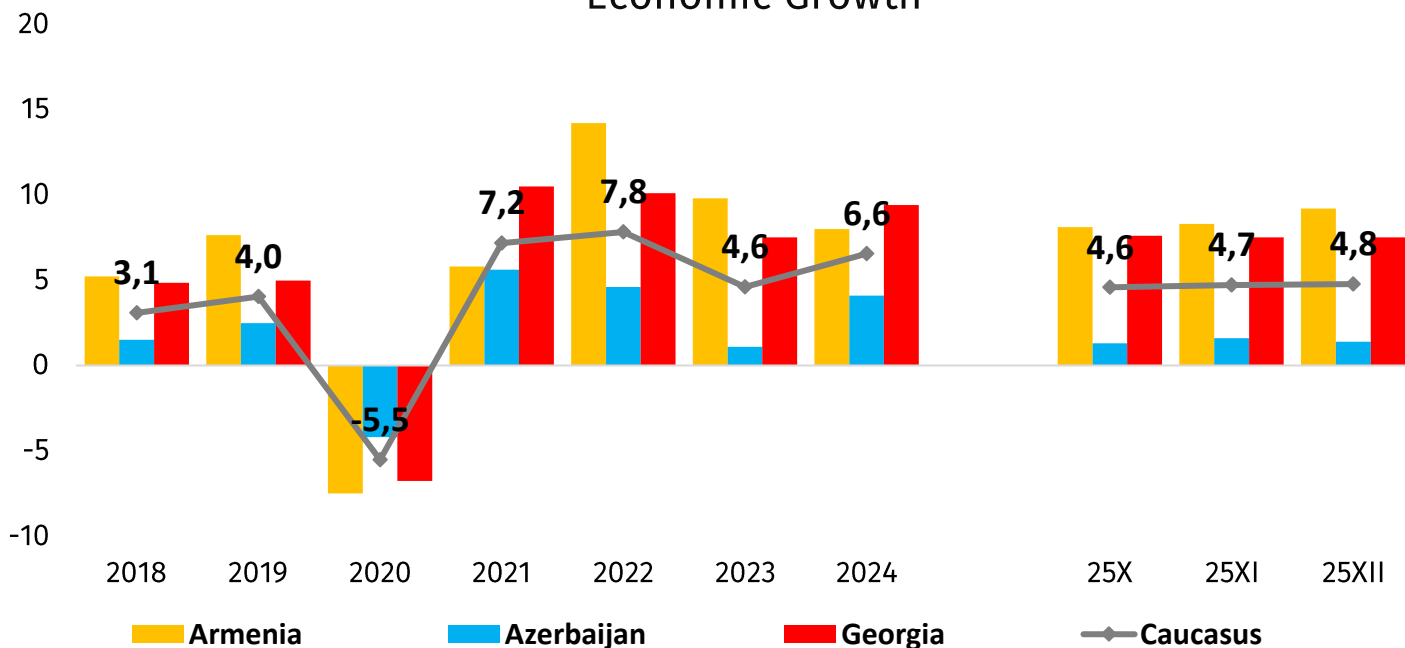


Monthly Review of the Caucasus Economy

February 2026



Economic Growth



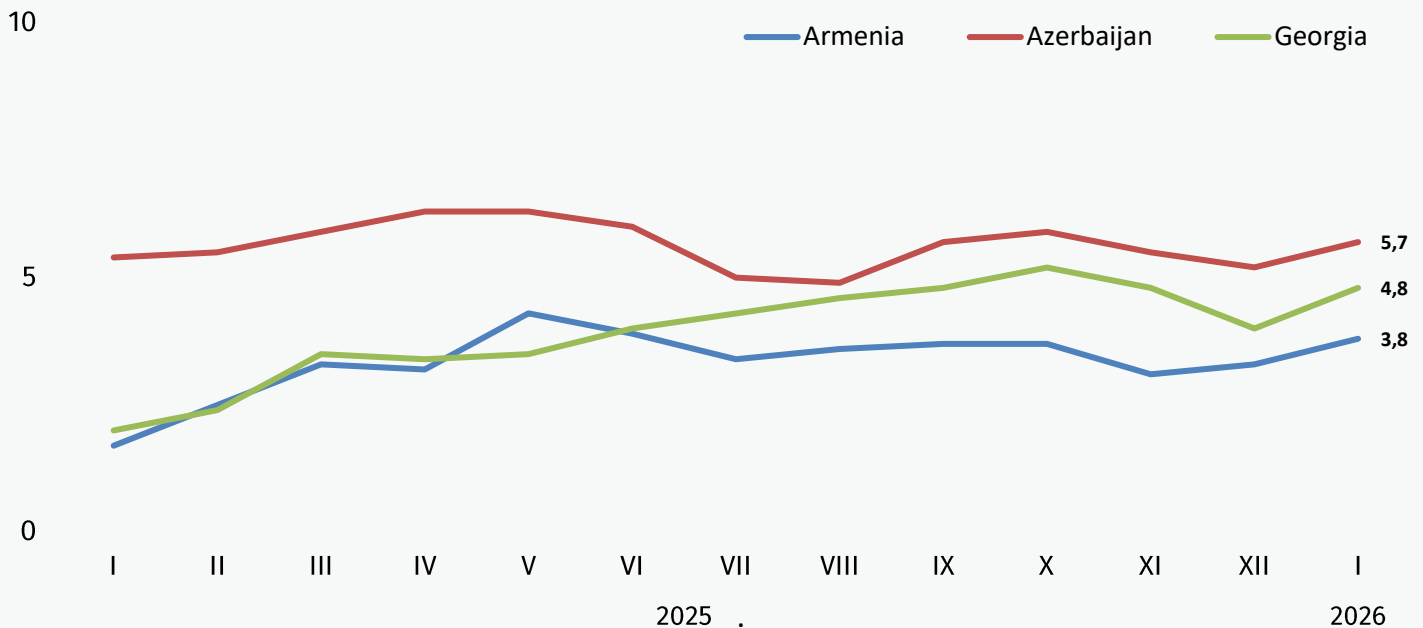
The economic growth in the Caucasus region was 4.4% in 2023. The slowdown in economic growth in 2023 was due to reduced human and financial capital flows from Russia and lower oil prices than the previous year. In 2024, growth accelerated to 6.6%, primarily due to monetary easing. The growth rate has slowed since 2025. Last year, the economy grew by 4.8%.

✚ In 2024, the Georgian economy grew by 9.5%. The economy expanded by 7.5% in last year. Manufacturing, telecommunication, transport and hospitality sectors significantly contributed to the growth. Shrinking was observed in construction sector.

🇦🇲 In the 2024, Armenia's economy grew by 8%. Last year, compared to 2024, the economy expanded by 9.2%. The trade sector is essential to the growth, increasing by 3% during this period, and the construction sector by 20.2%. Output in services expanded by 10.6%.

🇦🇿 In 2024, Azerbaijan grew by 4.1%. The economy grew by 1.4% in last year. 29.9% of the Azerbaijan economy is the oil and gas industry. Excluding the oil and gas industry, the growth rate was 2.7%. In agriculture, the growth rate only stood at 0.9%.

Inflation and Monetary Policy



Inflation mostly repeats the trends of economic growth in the Caucasus region. Armenia has the best situation, and Azerbaijan has relatively high inflation.

🇧🇪 Georgia's inflation trajectory took a positive turn in 2025, marked by a significant increase compared to the previous year. In January 2026, the annual growth of the consumer prices index accounted to 4.8%. Despite a notable 10.6% increase in food and non-alcoholic beverages prices, several sectors experienced price drops, with telecommunication prices decreasing by 4.6%. These developments prompted the Central Bank to leave the refinancing rate at 8%.

🇦🇲 In the past, Armenia's position in the region was different regarding price level changes. In January 2026, the annual growth in consumer prices was 3.8%. The highest increase, 9%, was recorded in the alcoholic beverages prices, while prices decreased by 0.1% in telecommunication sector. The Central Bank of Armenia also made a significant move by starting to ease its monetary policy last year. The most recent decision saw the refinancing rate left unchanged at 6.5%.

🇦🇿 Inflation has decelerated in Azerbaijan. In January 2026, the consumer prices index growth amounted to 5.7%. In December, inflation was at 5.2%. In previous periods, Azerbaijan was also distinguished by relatively high inflation in the region. Nevertheless, the Central Bank of Azerbaijan refrained from tightening the policy. The decision made in February decreased the policy rate at 6.5%.