



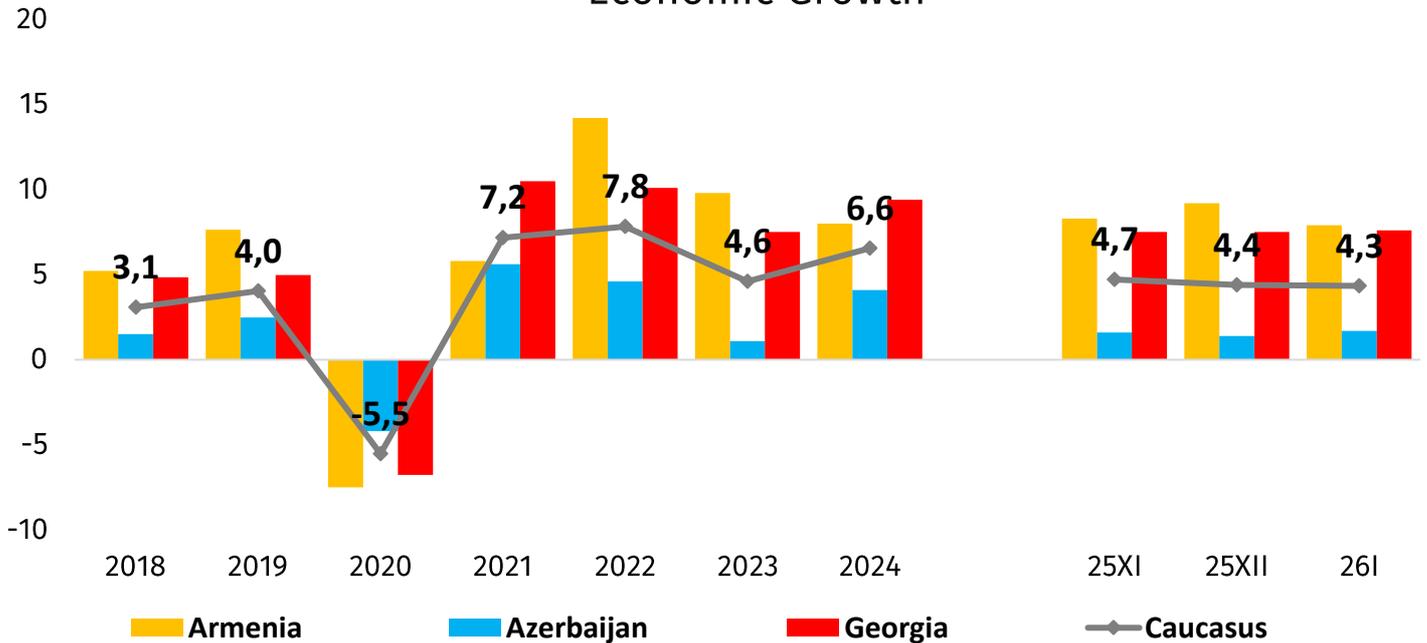
# Monthly Review of the Caucasus

## Economy

### March 2026



## Economic Growth



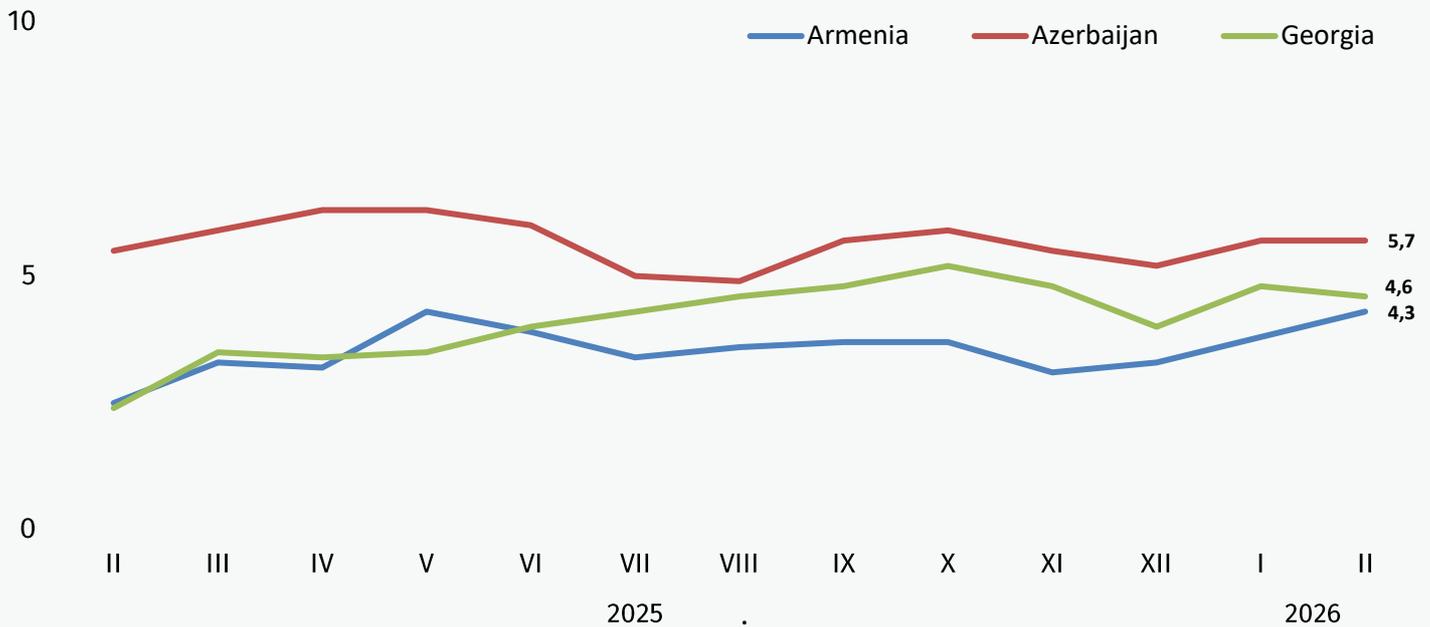
The economic growth in the Caucasus region was 4.4% in 2023. The slowdown in economic growth in 2023 was due to reduced human and financial capital flows from Russia and lower oil prices than the previous year. In 2024, growth accelerated to 6.6%, primarily due to monetary easing. The growth rate has slowed since 2025. Last year, the economy grew by 4.8%. In January of this year, the region's economy grew by 4.3%.

🇯🇪 In 2024, Georgia's economy grew by 9.5%. The previous year, the economy expanded by 7.5%. In January of this year, the growth rate stood at 7.6%. The telecommunications, financial activities, mining, and hospitality sectors made significant contributions to the growth. A decline was recorded in the construction and trade sectors.

🇦🇲 In 2024, Armenia's economy grew by 8%. The previous year, the economy expanded by 9.2%. In January 2026, the economy grew by 7.6%. The trade sector plays a particularly significant role in Armenia's growth, expanding by 0.7% during this period, while the construction sector grew by 18.7%. Output in the services sector expanded by 7.4%.

🇦🇿 In 2024, Azerbaijan's economy expanded by 4.1%. The previous year, the economy grew by 1.4%. In January of this year, growth amounted to 1.7%. The oil and gas industry accounts for 27.9% of Azerbaijan's economic structure. Excluding this industry, the growth rate stood at 2.3%. Agriculture expanded by just 0.1%.

## 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 February 2026, the annual growth of the consumer prices index accounted to 4.6%. Despite a notable 9.5% 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 February 2026, the annual growth in consumer prices was 4.3%. The highest increase, 10.3%, was recorded in the alcoholic beverage's prices, while prices decreased by 0.1% in household equipment prices. 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 February 2026, the consumer prices index growth amounted to 5.7%. In January, inflation was at 5.7%. 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%.