საქართველოს ეროვნული ბანკი
National Bank of Georgia

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The National Bank of Georgia decided to keep the monetary policy rate unchanged at 8.0 percent

On February 11, 2026, the Monetary Policy Committee of the National Bank of Georgia (NBG) decided to keep the monetary policy rate (refinancing rate) unchanged. The monetary policy rate stands at 8 percent.

As of January 2026, the overall price level in Georgia increased by 4.8 percent year-on-year. Higher-than-targeted inflation continues to be largely driven by food price inflation. In particular, rising prices on international markets for certain commodity groups on international markets, which have a substantial weight in Georgia's consumer basket, are being transmitted to the domestic market. On the other hand, alongside external factors, one-off price adjustments for certain domestic products and volatility in agricultural product prices are also putting upward pressure on inflation. At the same time, core inflation, excluding food, energy, and tobacco from the headline, remains close to the target (2.1 percent in January), indicating the stability of long-term inflation expectations. Service sector inflation, characterized by relatively sticky price adjustments, increased slightly in January, reaching 3 percent. Accordingly, measures of sticky price indices indicate that inflationary pressures remain less broad-based. However the moderate month-of-month increase in sticky price inflation heightens the risks of upward shift in inflation expectations. Against this backdrop, according to the NBG's updated central scenario, the inflation forecast for 2026 has been revised slightly upward. Under the central scenario, the current inflation dynamics are still assessed as temporary and are not expected to generate 'second-round' effects, implying that price pressures are not spilling over to other goods and services. Accordingly, other things being equal, as the effects of temporary factors subside, inflation is expected to gradually converge toward the target rate from the second quarter of 2026, averaging 3.7 percent over the year.

Economic activity is gradually converging toward its long-term growth rate, easing the demand-side pressures on prices. In particular, according to the NBG's updated central scenario, economic growth is projected at 5 percent in 2026. The normalization of the economic growth will be further supported by maintaining credit activity close to its equilibrium level.

Given the high uncertainty, upside risks to inflation are more pronounced, while downside risks continue to remain. Accordingly, the Monetary Policy Committee (MPC) considered both high-inflation and low-inflation risk scenarios, along with the central scenario, and the risks operating in different directions were taken into account in the decision-making process.

Under the realization of the high-inflation risk scenario, fundamental economic processes would require a higher trajectory for the monetary policy rate compared with the central scenario.

Specifically, in January, the moderate increase in sticky price indicators compared with previous months heightens the risks of an an increase in long-term inflation expectations. At the same time, sustaining a high level of economic activity, amid normalizing growth in high-productive sectors, is expected to put additional pressure on inflation. Under this scenario, an escalation of the global geopolitical situation could lead to higher-than-expected price increases on international commodity markets, which would also be transmitted to the domestic market.

On the other hand, under the low-inflation risk scenario considered by the MPC, the realization of the risks would allow a faster reduction in the policy rate compared with the central scenario. Specifically, sustaining high growth rates in high-productive sectors could accelerate the potential growth. In this case, a strengthening of the supply side would have a disinflationary effect, allowing inflation to converge toward the target more rapidly than under the central scenario. Meanwhile, at this stage, developments in the domestic labor market are exerting downward pressure on prices, supporting the likelihood of a low-inflation scenario. Among external factors, a prolonged period of a weak position of the U.S. dollar, together with declining oil prices in international markets, would put downward pressure on headline inflation.

As a result of macroeconomic analysis and the assessment of the aforementioned scenarios, the MPC has considered it optimal to maintain a moderately tight monetary policy stance and kept the policy rate unchanged at 8 percent. Upcoming decisions on the monetary policy rate will depend on updated data and the realization of risks. According to the central scenario, the NBG will continue the normalization of monetary policy only after the current one-off factors have been fully dissipated and inflation converges the target level. However, should inflation persist above the target for an extended period due to various one-off factors, the MPC stands ready to maintain the current tight stance for longer than expected and, if necessary, to tighten it further.

The NBG will use all available instruments to maintain price stability. This means keeping the overall price level increase close to the 3 percent target over the medium term.

The next meeting of the Monetary Policy Committee will be held on March 25, 2026.