

**Figure 1. Economic activity rose 14.4 percent**

- *Economic growth accelerated to 14.4 percent (yoy) in December, bringing annual growth to 9.2 percent.*
- *Net non-commercial money transfers from Russia continued to grow, making annual net inflows 53 percent higher (yoy).*
- *Inflation rose to 3.8 percent in January, mostly due to food inflation.*
- *In 2025, exports and imports fell, due to the phasing out of precious stones and metal re-exports, marking the first annual decline for both exports and imports since 2020.*
- *A budget deficit equivalent to 3.8 percent of projected annual GDP was recorded in 2025.*

**Growth in economic activity surged in December, at 14.4 percent (yoy), compared to 11.5 percent (yoy) in November.** Growth continued to be driven by industry and construction. Industry expanded by 38.6 percent (yoy), owing to the continued acceleration of growth in manufacturing (largely base metal production) by 43.3 percent (yoy) and mining by 34.9 percent (yoy). Electricity and energy production, also increased by 13 percent (yoy) in December, after two months of flat yoy growth. Construction continued to grow robustly, reaching 20.5 percent (yoy). Services' growth (excluding trade) moderated to 8.2 percent (yoy) from 11.2 percent (yoy) the previous month. Growth in wholesale and retail commerce doubled to 3.2 percent (yoy) from 1.5 percent (yoy) in November. Growth in 2025 reached 9.2 percent (yoy), higher than in 2024 and well above initial expectations. In 2025, the number of registered businesses increased by 6.3 percent (yoy), driven mainly by an increase in individual entrepreneurs.

**In December, net non-commercial money transfers grew by 14.2 percent (yoy).** This was driven by a 37.7 percent (yoy) increase in net inflows from Russia (representing 52 percent of the total) and a 9.4 percent (yoy) expansion of inflows from the United States. Total net inflows in 2025 (at USD 714 million) were 53.5 percent higher than in the previous year, cementing a recovery after a decline in 2024, although still lower than the USD 880 million net inflows registered in 2023.

**In January, inflation increased to 3.8 percent (yoy).** Two thirds of the inflation was driven by food and non-alcoholic beverages at 5.9 percent (yoy). The rest was explained by inflation in alcoholic beverages at 9 percent (yoy), health at 3 percent (yoy), transport at 4.3 percent (yoy) and education at 8.3 percent (yoy). At its February 3<sup>rd</sup> meeting, the Central Bank of Armenia left its key policy rate unchanged at 6.50 percent.

**In December, exports and imports continued to grow robustly, marking only the second month of positive growth in 2025.** Exports grew by 34.3

**Figure 2. Net non-commercial money transfers**

percent (yoy), following a 17.6 percent (yoy) rise in November, while imports increased by 30.4 percent (yoy) following a 14.9 percent surge in November. This was driven by an expansion in exports and imports of precious and semi-precious stones and metals (up 43.2 percent, yoy, and 56.6 percent, yoy, respectively), although these exports in December 2025 were 50.2 percent lower than in December 2023 during the re-export surge. Other exports which registered significant growth included ready food products (up 70.8 percent, yoy) and minerals (up 62 percent, yoy), increasing the share of these two exports in total exports from 21 percent in 2024 to 26 percent in 2025. Cumulatively in 2025, exports and imports fell by 36.1 percent (yoy) and 23.6 percent (yoy), respectively, marking the first annual decline for both since 2020. In 2025, excluding the trade in precious metals and stones, exports rose by 8.9 percent (yoy) while imports grew 7.5 percent (yoy). Following a decline of 4.1 percent (yoy) in H1 2025, tourist arrivals increased by 7.5 percent (yoy) in H2, bringing annual growth to 2.5 percent, with 41 percent of them coming from Russia.

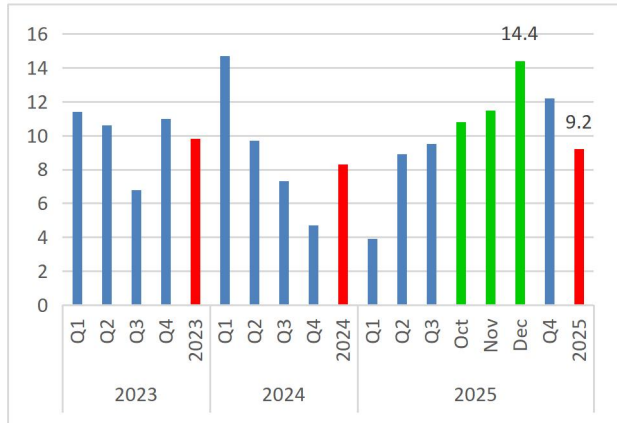
**In January, the AMD appreciated by 0.4 percent (mom) against the USD and EUR.** Compared to the previous year, the AMD appreciated 4.5 percent (yoy) against the USD in January, while it depreciated against the EUR and RUB by 8.1 percent (yoy) and 24.2 percent (yoy), respectively. Gross reserves grew by about USD 100 million, reaching USD 5.2 billion in January, equivalent to 4.1 months of imports.

**In December, commercial bank deposits grew 5.6 percent (mom) while credit expanded by 2.6 percent (mom).** Exchange-rate-adjusted annual growth remained stable, at 17 percent (yoy) for total deposits and at 25.2 percent (yoy) for credit. Financial system indicators remained sound: the Capital Adequacy Ratio stabilized at 20.7 percent, and Non-Performing Loans at 1.3 percent.

**In December, the deficit reached 1.4 percent of annual estimated GDP, bringing the 2025 deficit to 3.8 percent, below the annual budget plan.** In December, total revenues and grants fell 1.1 percent (yoy) in nominal terms, driven by a 66 percent (yoy) decline in other revenues. Tax revenues (including mortgage-related income tax) increased by 17.3 percent (yoy) supported by VAT, income and profit taxes, whilst environmental taxes fell 17.2 percent (yoy). Total expenditure grew 1.5 percent (yoy). Current expenditure grew 7.1 percent (yoy) with compensation of employees and transfers growing 15.5 and 24.3 percent (yoy), respectively. Capital expenditure contracted by 7.7 percent (yoy) due to an 18.7 percent (yoy) fall in defense spending and a very high base in 2024. Capital expenditure on education partly offset this fall as it grew 35.5 percent (yoy). In 2025, total revenues grew 11.9 percent (yoy) and total expenditures grew 11.8 percent (yoy) leading to an overall budget deficit of 3.8 percent of annual estimated GDP (up from 3.6 percent in 2024).

**(yoy) in December 2025**

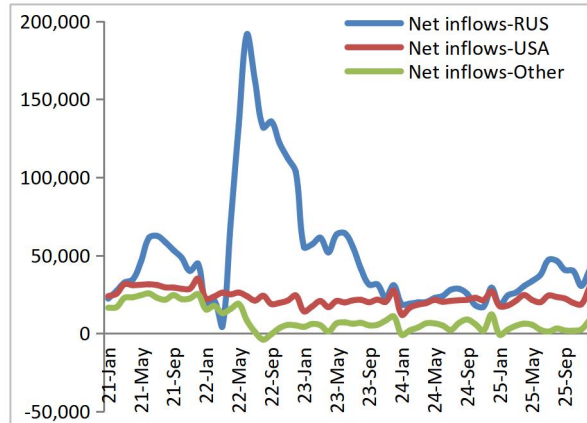
(Armenia Economic Activity Index, yoy change, %)



Source: Statistical Committee of Republic of Armenia

**continued strong growth (in yoy terms)**

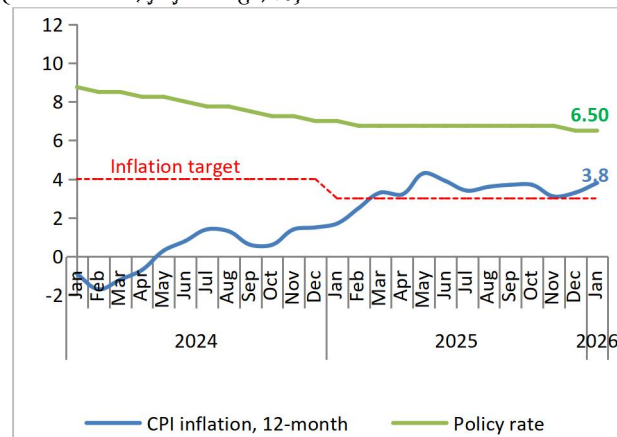
(USD thousand)



Source: CBA

**Figure 3. Inflation inched upwards in January 2026**

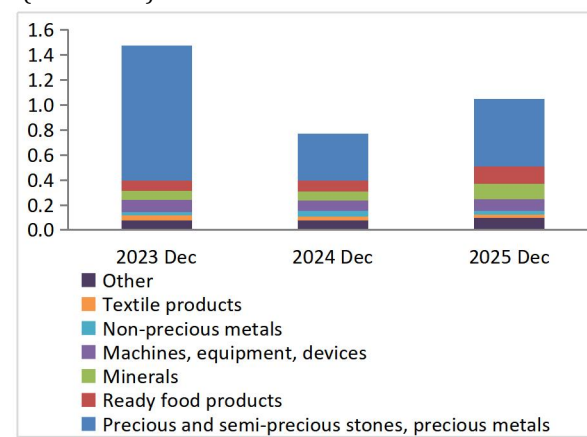
(CPI inflation, yoy change, %)



Source: CBA

**Figure 4. Total exports grew in December due to precious and semi-precious stones**

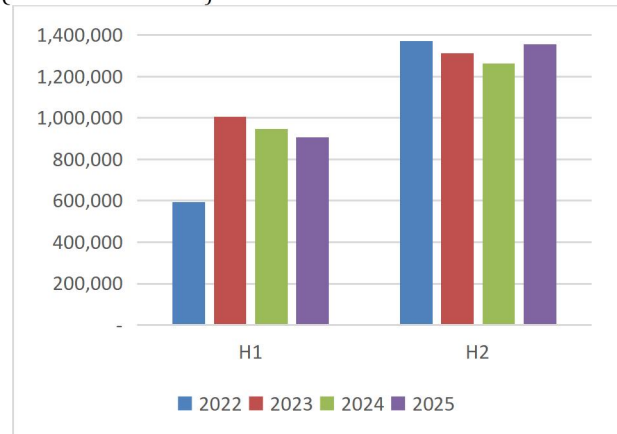
(USD billion)



Source: Statistical Committee of Republic of Armenia

**Figure 5. Following a decline in H1 2025, the number of tourists increased in H2 2025**

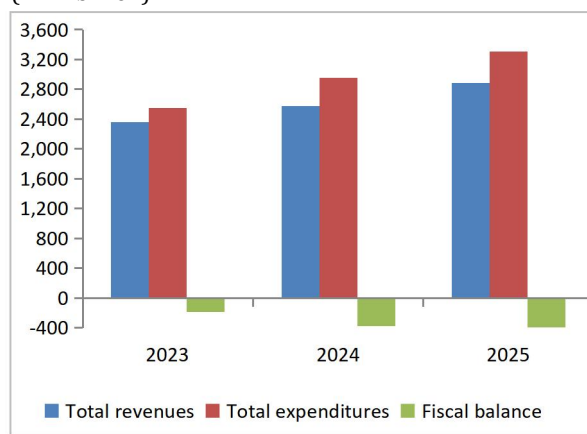
(Number of tourists)



Source: Tourism Committee of RA

**Figure 6. The 2025 budget deficit rose to 3.8 percent (yoy) of annual estimated GDP**

(AMD billion)



Source: Ministry of Finance