

Weekly Market Watch

 Weekly Market Watch | Georgia
 July 26, 2021

Economy

Exports up by 30.1% y/y in June 2021

In June 2021, exports growth came in at 30.1% y/y to US\$ 349.3mn after growing by 44.8% y/y in previous month (notably, exports were up by 12.5% compared to June 2019). Imports increased by 37.5% y/y to US\$ 837.2mn, after a 41.2% y/y growth in previous month (notably, imports were up 13.4% compared to June 2019). As a result, trade deficit widened by 43.3% y/y to US\$ 487.9mn in June.

In June 2021, copper (-14.3% y/y), ferro-alloys (+397.1% y/y), cars (+34.2% y/y), wine (+17.7% y/y) and mineral waters (+107.8% y/y) were the top 5 exported commodities. A 19.8% of exports were directed to the EU (+10.3% y/y), 50.8% to the CIS (+61.4% y/y) and 29.4% to other countries (+7.2% y/y).

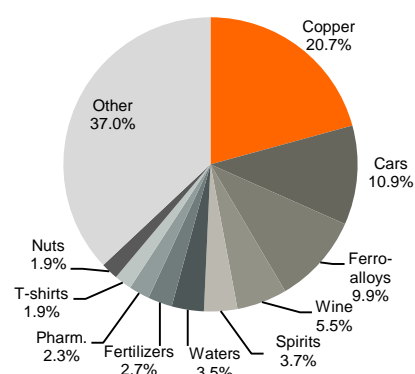
Copper (+116.8% y/y), petroleum (+96.7% y/y), cars (-18.8% y/y), pharmaceuticals (+39.6% y/y) and telephones (+11.9% y/y) represented the top 5 imported commodities in June 2021.

Overall, in 1H21, trade deficit was up by 14.5% y/y to US\$ 2.4bn, as exports increased by 25.2% y/y to US\$ 1.9bn (up 5.3% compared to 1H19) and imports increased by 18.9% y/y to US\$ 4.3bn (down 1.5% compared to 1H19).

Producer price index up 15.7% y/y in June 2021

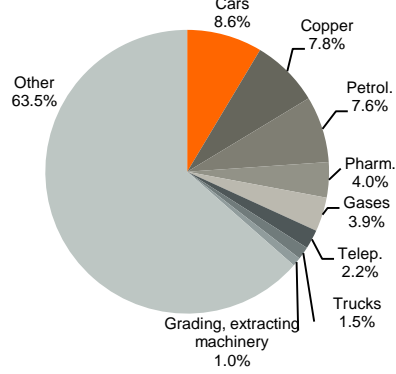
Annual PPI for industrial goods was up 15.7% in June 2021 from 15.5% in previous month, according to Geostat. Price changes in manufacturing (+15.5% y/y) and electricity, gas, steam and air conditioning (+20.5% y/y) contributed the most to the overall index change.

Exports by commodities, 1H21



Source: Geostat

Imports by commodities, 1H21

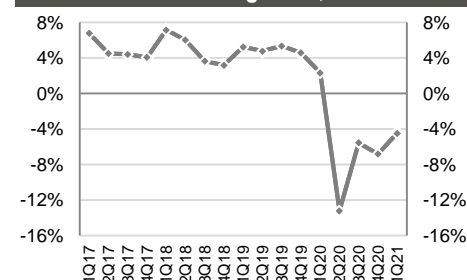


Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.3%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

Ease of Doing Business # 7 (Top 10)

Economic Freedom Index # 12 (mostly free)

Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

STANDARD & POOR'S BB Negative Affirmed Feb-2021	Moody's INVESTORS SERVICE Ba2 Stable Affirmed May-2021	FitchRatings BB Negative Affirmed Feb-2021
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Source: Rating agencies

Money market

Ministry of Finance Benchmark Bonds: 10-year GEL 25.0mn (US\$ 8.0mn) Benchmark bonds were sold at the auction held at NBG on July 20, 2021. Total demand was c.1.7x higher and the weighted average yield was fixed at 8.935%, up by 0.335ppts from previous auction held in April, 2021. The nearest treasury security auction is scheduled for July 27, 2021, where GEL 35.0mn nominal value 5-year Benchmark Bonds will be sold.

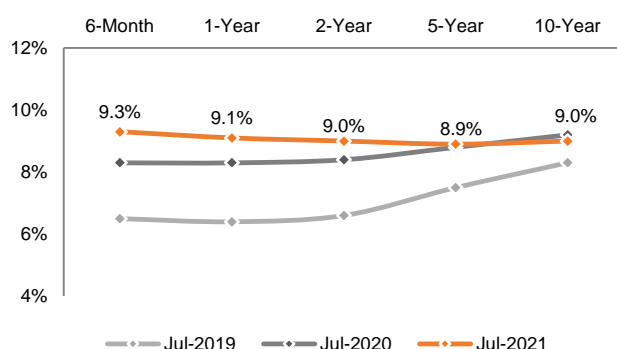
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	75	90	60
1-year	75	90	360
2-year	100	120	1,310
5-year	221	210	2,412
10-year	69	25	1,281
Total	540	535	5,422

Source: MoF

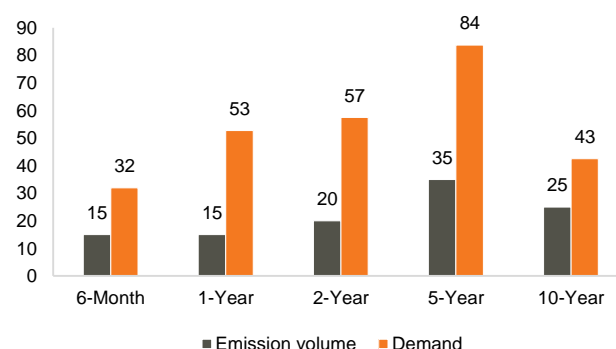
Note: * As of 30 June 2021

T-bills / T-notes, yield curve



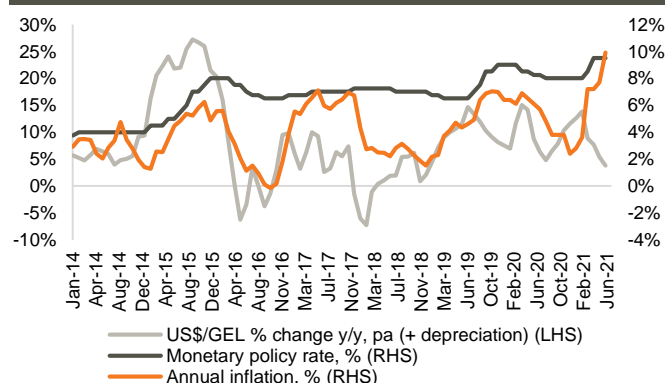
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



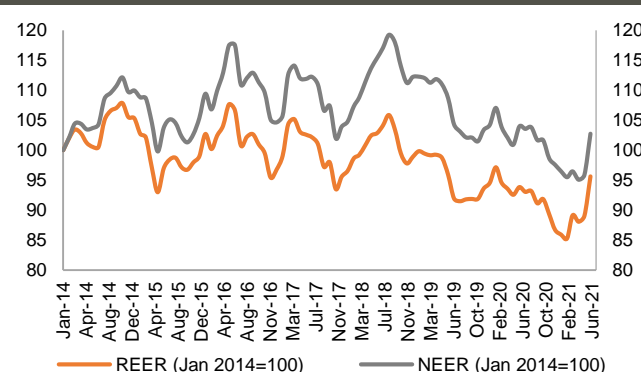
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate



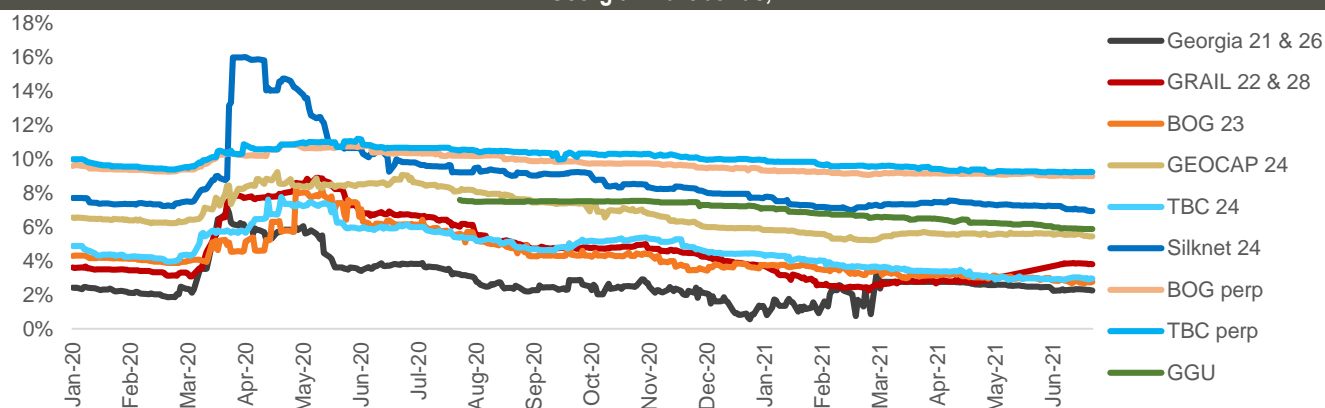
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.61% yield, trading at 106.55 (-0.26% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.19 (+0.18% w/w), yielding 5.22%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.33 (-0.10% w/w), yielding 3.78%.

Georgian Sovereign Eurobonds (GEORG) closed at 102.26 (+0.07% w/w) at 2.24% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian bonds performance

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	102.26	2.24	149.10
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.33	3.78	279.46
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.55	2.61	233.85
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.16	8.97	676.14
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	102.19	5.22	482.45
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	110.23	6.76	353.25
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.57	2.65	220.85
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.89	9.13	641.73
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.85	5.81	435.50

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B/-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 08/21	USD	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/BB-	n/a	n/a	n/a
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B/-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

Source: Bloomberg

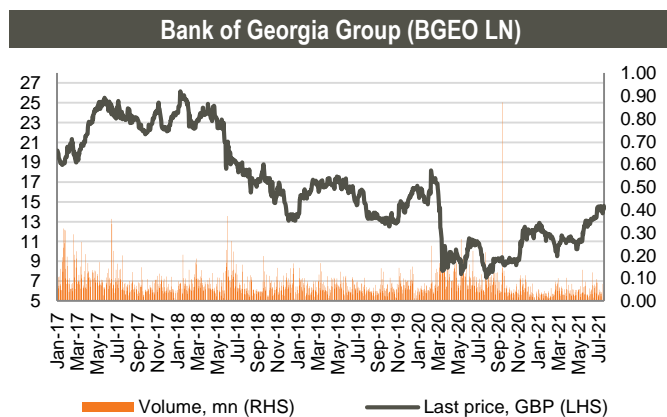


Equities

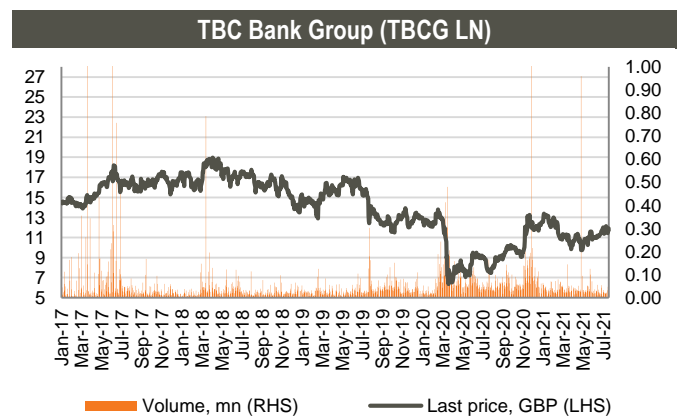
Bank of Georgia Group (BGEO LN) shares closed at GBP 14.60/share (+0.55% w/w and +8.63% m/m). More than 198k shares traded in the range of GBP 13.80 - 14.68/share. Average daily traded volume was 44k in the last 4 weeks. The volume of BGEO shares traded was at 0.40% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.30/share (-2.02% w/w and -7.62% m/m). More than 117k shares traded in the range of GBP 6.18 - 6.43/share. Average daily traded volume was 42k in the last 4 weeks. The volume of CGEO shares traded was at 0.25% of its capitalization.

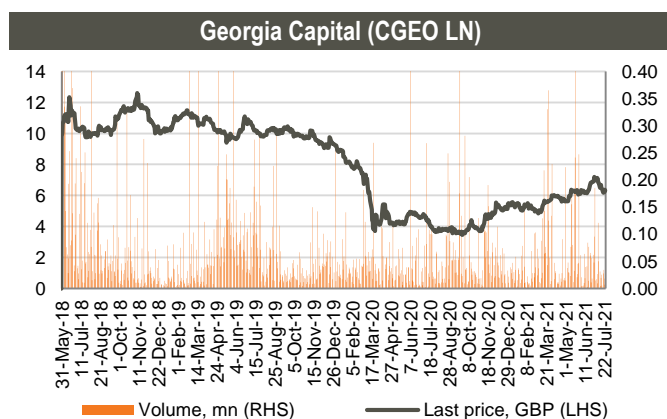
TBC Bank Group (TBCG LN) closed the week at GBP 11.90/share (-0.17% w/w and +6.06% m/m). More than 172k shares changed hands in the range of GBP 11.26 - 12.08/share. Average daily traded volume was 26k in the last 4 weeks. The volume of TBCG shares traded was at 0.31% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Bank of Georgia	BGEO	GBP	14.60	718	22.9%	73.2%	19.7%	5.51x	4.66x	1.15x	0.99x
TBC	TBC	GBP	11.90	656	-4.8%	56.6%	-4.8%	4.66x	4.02x	0.82x	0.72x
Sberbank	SBER	USD	16.03	86,510	12.3%	31.5%	10.4%	6.18x	5.81x	1.11x	1.00x
Halyk Bank	HSBK	USD	14.96	4,396	17.8%	36.0%	28.4%	4.65x	4.53x	1.10x	1.05x
VTB Bank	VTBR	USD	1.26	8,139	32.8%	24.6%	31.6%	3.13x	3.11x	0.45x	0.38x
Akbank	AKBNK	TRY	5.16	26,832	-23.2%	-11.0%	-25.5%	3.73x	2.61x	0.40x	0.36x
Garanti	GARAN	TRY	8.27	34,734	-15.3%	3.9%	-20.3%	4.18x	2.91x	0.51x	0.44x
Isbank	ISCTR	TRY	5.11	22,995	-23.3%	-3.9%	-27.0%	2.91x	2.12x	0.32x	0.28x
PKO	PKO	PLN	37.17	46,463	25.3%	59.8%	29.4%	10.51x	10.20x	1.07x	1.03x
PEKAO	PEO	PLN	91.88	24,116	40.8%	67.8%	50.4%	13.79x	10.97x	0.93x	0.90x
Millennium	MIL	PLN	4.68	5,677	18.2%	51.0%	43.1%	7.30x	6.23x	0.71x	0.70x
Mbank	MBK	PLN	308.00	13,049	48.2%	47.4%	71.9%	10.22x	9.57x	0.80x	0.76x
BRD	BRD	RON	17.86	12,447	17.2%	51.6%	20.2%	11.80x	10.42x	1.33x	1.29x
Banca Transilvania	TLV	RON	2.79	15,979	20.3%	45.9%	23.8%	10.16x	9.10x	1.56x	1.44x
OTP	OTPD	USD	22.00	12,320	-3.5%	-3.5%	-3.5%	8.94x	8.23x	0.63x	0.57x
Komerční	KOMB	CZK	773.00	146,908	15.0%	36.1%	17.7%	15.04x	12.51x	1.23x	1.22x
Mean								7.67x	6.69x	0.88x	0.82x
Median								6.74x	6.02x	0.88x	0.83x

Source: Bloomberg, S&P Capital IQ

Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Georgia Capital	CGEO	GBP	6.30	302	20.0%	63.6%	16.7%	na	na	na	na
Tinc Comm	TINC	EUR	12.60	458	-1.6%	-6.3%	-2.7%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.98	18,323	-19.2%	-1.9%	-21.6%	3.45x	2.84x	0.43x	0.35x
Deutsche Beteiligungs	DBAN	EUR	36.60	551	5.1%	31.4%	17.5%	5.73x	7.72x	1.12x	1.03x
Eurazeo	RF	EUR	77.05	6,088	33.3%	63.4%	38.8%	16.34x	14.57x	0.99x	0.91x
Carlyle Group	CG	USD	46.86	16,615	40.3%	61.5%	49.0%	19.12x	15.21x	7.26x	5.72x
Mean								11.16x	10.09x	2.45x	2.00x
Median								11.04x	11.15x	1.05x	0.97x

Source: Bloomberg, S&P Capital IQ

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