

Weekly Market Watch

 Weekly Market Watch | Georgia
 Sep 18, 2017

Economy

Exports up 25.7% y/y in August 2017

In August 2017, exports increased 25.7% y/y to US\$ 236.1mn, imports were up 1.2% y/y to US\$ 699.7mn and the trade deficit narrowed 8.0% y/y to US\$ 436.6mn according to GeoStat's preliminary figures. In 8M17, trade deficit was down 0.9% and amounted to US\$ 3.3bn as exports increased 28.5% y/y to US\$ 1.7bn, while imports were up 7.5% y/y to US\$ 4.9bn. Detailed foreign trade statistics will be available on September 19, 2017.

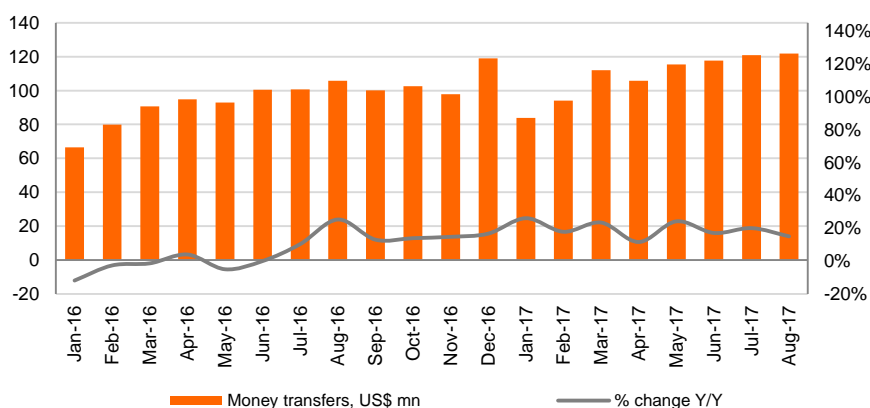
Money transfers up 15.1% y/y in August 2017

In August 2017, money transfers increased 15.1% y/y to US\$ 121.8mn after growing 20.1% y/y in previous month, according to NBG. Money transfers were up from almost all major remitting countries: Russia (+9.1% y/y, 33.1% of total), USA (+9.1% y/y, 10.5% of total), Italy (+20.2% y/y, 10.4% of total), Greece (+10.8% y/y, 9.4% of total), Israel (+95.8% y/y, 8.9% of total) and Turkey (+21.8% y/y, 8.0% of total). In 8M17 money transfers were up 19.1% y/y to US\$ 871.7mn.

Moody's upgraded Georgia's sovereign credit rating

On 11 September 2017, Moody's upgraded the sovereign credit rating of Georgia to Ba2 from Ba3 and maintained the stable outlook. Based on Moody's, the Georgian economy's resilience in the wake of the 2014 regional economic shock, as an indicator of economic and institutional strength, is the main driver behind the one-notch rating upgrade.

Money transfers



Source: NBG

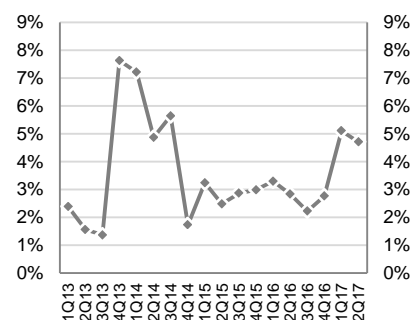
Key macro indicators

	8M17	2016	2015
GDP (% change)	4.7% ⁽¹⁾	2.7%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US\$)	...	3,853	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	5.7%	1.8%	4.9%
Gross reserves (US\$ bn)	2.9	2.8	2.5
CAD (% of GDP)	...	13.5%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

Source: Official data, IMF

(1) As of 7M17

Real GDP growth, %



Source: GeoStat

International ranking, 2017

Ease of Doing Business # 16 (Top 20)

Economic Freedom Index # 13 (mostly free)

Global Competitiveness Index # 59 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

STANDARD & POORS BB- Stable Affirmed May-2017	Moody's INVESTORS SERVICE Ba2 Stable Affirmed Sep-2017	FitchRatings BB- Stable Affirmed Mar-2017
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Source: Rating agencies



Money market

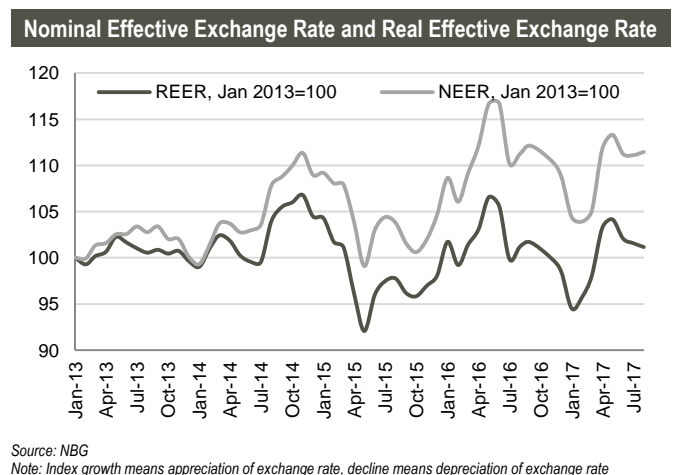
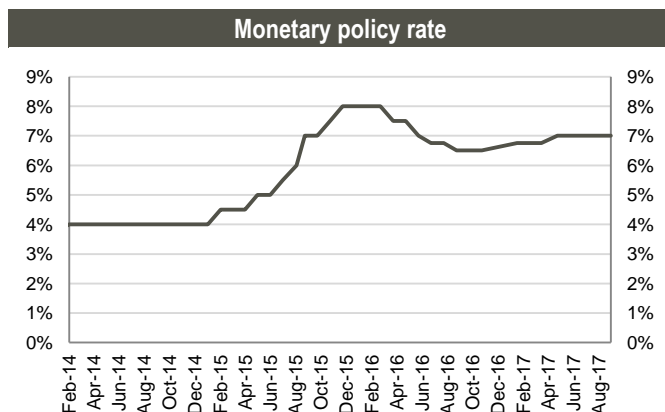
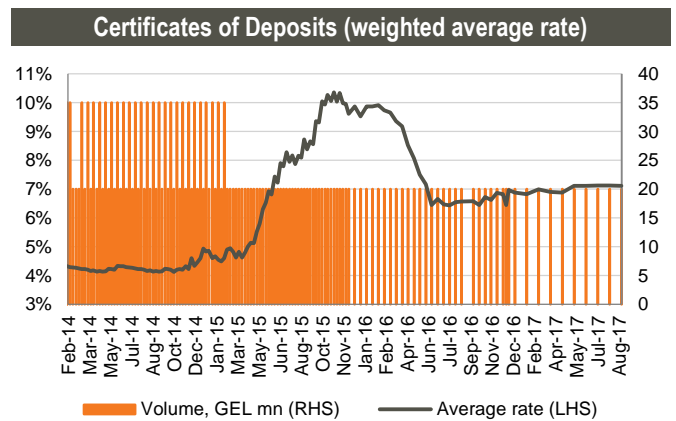
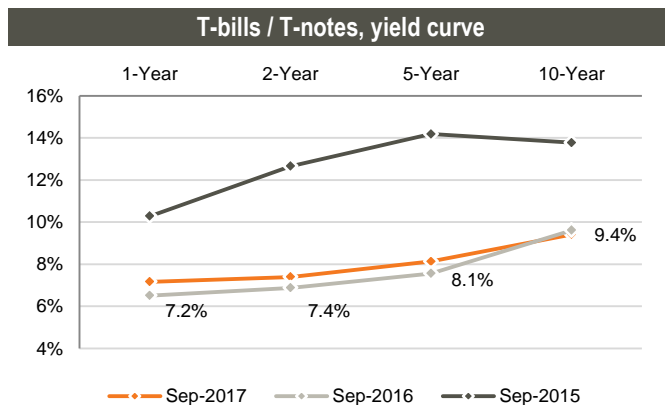
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 950mn (US\$ 386.4mn).

Ministry of Finance Treasury Bills:

182-days GEL 20.0mn (US\$ 8.1mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on September 13, 2017. The weighted average yield was fixed at 7.119%.

Ministry of Finance Treasury Notes:

2-year GEL 20.0mn (US\$ 8.1mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on September 13, 2017. The weighted average yield was fixed at 7.395%.



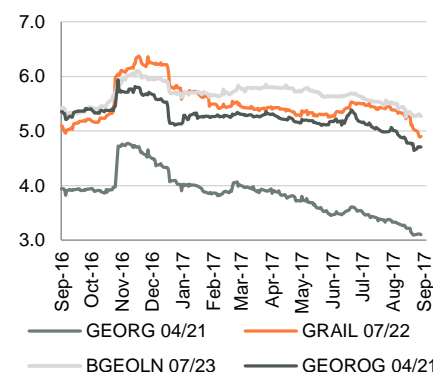


Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.3% yield, trading at 103.6 (unchanged w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.0 (unchanged w/w), yielding 11.0%. GOGC Eurobonds (GEOROG) were trading at 106.7 (-0.2% w/w), yielding 4.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 112.0 (+0.4% w/w), yielding 4.9%.

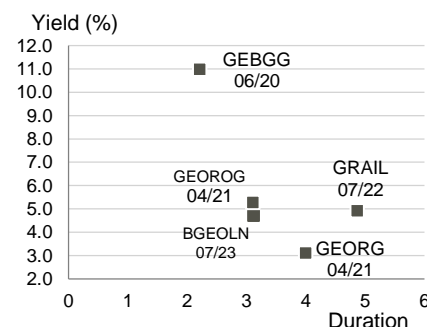
Georgian Sovereign Eurobonds (GEORG) closed at 112.6 (-0.1% w/w) at 3.1% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

	Local bonds				Eurobonds				
	GWP 12/21	M2RE 10/19	Nikora 03/18	Nikora 06/19	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	5.0	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	08/17	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	06/19	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	9.0	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/	-/-	-/-	-/-	BB-/Ba3	BB-/B+	BB-/B1	BB-/BB-/Ba3	B+/B+
Mid price, US\$	n/a	101.4	101.2	100.0	99.8	105.5	102.4	112.1	109.9
Mid yield, %	n/a	6.75%	8.5%	9.0%	11.1	5.1	5.5	3.3	5.4
Z-spread, bps	n/a	n/a	n/a	n/a	346.1	337.0	160.9	360.6	364.1

Source: Bloomberg

*GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari

**Coupon rate 3.5% over the NBG's refinancing rate

Eastern European sovereign 10-year bond performance

Issuer	Amount, US\$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	112.6	3.1	133.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	102.9	4.2	225.9
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	118.6	0.1	-27.0
Croatia	1,250	3.875%	30/05/2022	BB/BB/Baa2	112.9	1.0	87.4
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	113.3	2.4	64.4
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	116.9	2.6	80.9
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	106.2	2.5	82.4
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Baa1	107.3	3.4	165.6

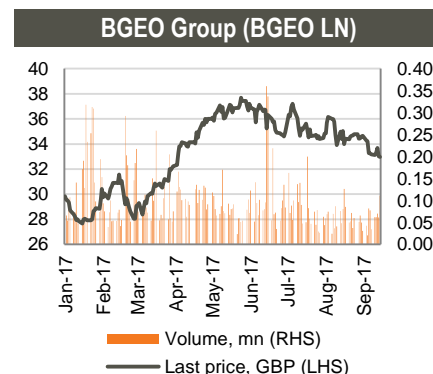
Source: Bloomberg

Equities

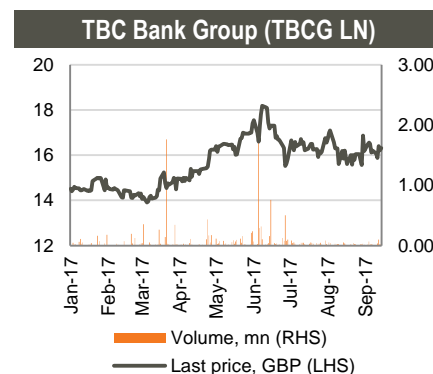
BGEO Group (BGEO LN) shares closed at GBP 32.97/share (-0.60% w/w and -4.16% m/m). More than 367k shares traded in the range of GBP 32.29 – 33.97/share. Average daily traded volume was 59k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, declined 1.30% w/w and 1.72% m/m, respectively. The volume of BGEO shares traded was at 0.93% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.32 (+0.74% w/w and +3.03% m/m). More than 311k shares changed hands in the range of GBP 15.80 – 16.69/share. Averaged daily traded volume was 32k in the last 4 weeks.

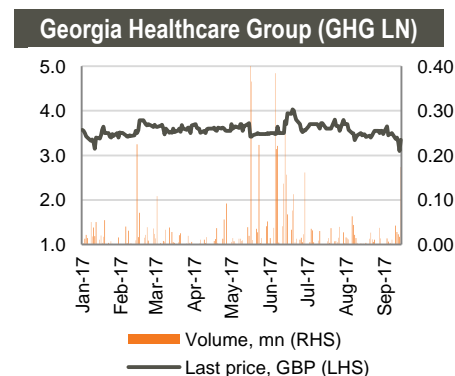
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.35/share (-4.29% w/w and -2.90% m/m). More than 285k shares were traded in the range of GBP 3.10 – 3.50/share. Average daily traded volume was 22k in the last 4 weeks. The volume of GHG shares traded was at 0.22% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Eastern European Banks

	Tick er	Share price, US\$	MCap US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
BGEO*	BGEO	44.81	1,765	-4.2%	-6.4%	8.1%	10.5%	11.6%
TBC*	TBC	22.18	1,174	3.0%	-5.0%	12.8%	12.4%	84.8%**
Halyk Bank	HSBK	9.48	2,606	-4.0%	15.3%	30.4%	58.3%	53.2%
KKB	KKB	0.68	271	0.0%	4.6%	-52.6%	-52.9%	-57.2%
VTB Bank	VTBR	2.18	14,127	8.0%	2.0%	1.3%	-8.7%	-2.0%
Vozrozhdenie Bank	VZRZ	10.23	243	4.9%	-20.3%	-18.4%	-16.4%	-3.6%
Sberbank	SBER	13.80	74,475	13.2%	37.1%	26.7%	19.2%	46.5%

Source: Bloomberg

*BGEO and TBC are traded in GBP and are shown in US\$ equivalent

** 1Y change in TBC share prices calculated using GDR price

Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG*	GHG	4.55	600	-2.9%	-9.5%	-4.6%	-6.2%	12.4%
Mouwasat	MOUWASAT	42.86	2,143	2.1%	8.8%	13.2%	8.8%	27.3%
Fortis	FORH	2.34	1,213	-0.1%	-23.6%	-16.3%	-12.1%	-10.4%
Raffles	RFMD	0.82	1,447	-2.0%	-16.9%	-19.0%	-17.3%	-27.4%
IHH	IHH	1.43	11,802	2.7%	1.9%	7.3%	1.2%	-10.2%
Bangkok Chain	BCH	0.45	1,130	9.3%	12.4%	22.0%	9.8%	37.6%
Netcare	NTC	1.77	2,585	-8.0%	-8.6%	-25.0%	-23.8%	-22.1%

Source: Bloomberg

*GHG is traded in GBP and is shown in US\$ equivalent

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Galt & Taggart

Address: 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: gt@gt.ge