

Weekly Market Watch

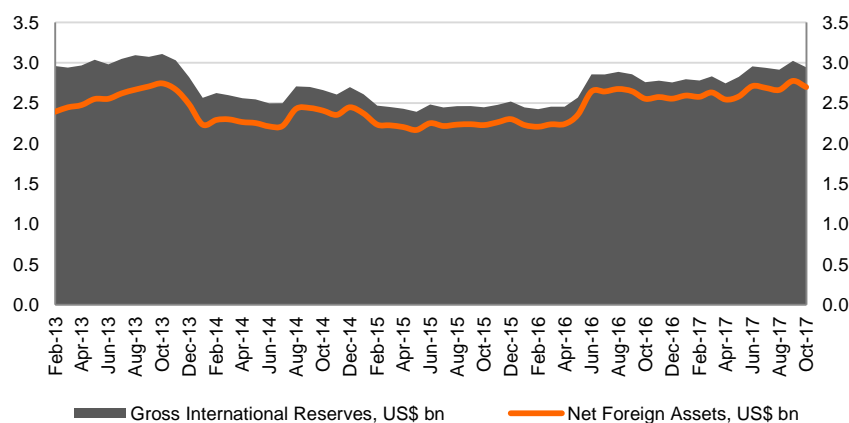
Weekly Market Watch | Georgia
Nov 13, 2017

Economy

International reserves up 6.7% y/y in October 2017

Gross international reserves were up 6.7% y/y to US\$ 2.9bn in October 2017, while reserves were down 2.6% m/m, according to NBG. There were no FX interventions by central bank in October. Change in reserves was attributed to government FX operations and/or asset revaluation.

International reserves



Source: NBG

Key macro indicators

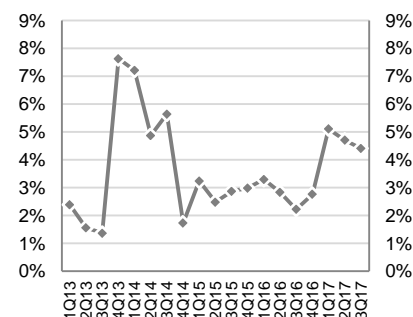
	10M17	2016	2015
GDP (% change)	4.7% ⁽¹⁾	2.7%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US\$)	...	3,853	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.4%	1.8%	4.9%
Gross reserves (US\$ bn)	2.9	2.8	2.5
CAD (% of GDP)	9.4% ⁽²⁾	12.8%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

Source: Official data, IMF

(1) As of 9M17

(2) As of 1H17

Real GDP growth, %



Source: GeoStat

Note: Rapid estimate for 3Q17

International ranking, 2017-18

Ease of Doing Business # 9 (Top 10)

Economic Freedom Index # 13 (mostly free)

Global Competitiveness Index # 67

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed May-2017	 Ba2 Stable Affirmed Sep-2017	 BB- Stable Affirmed Sep-2017
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Source: Rating agencies

Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,020mn (US\$ 388.0mn).

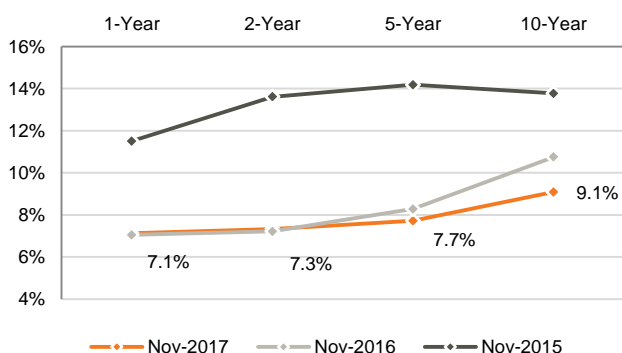
Ministry of Finance Treasury Notes:

2-year GEL 20.0mn (US\$ 7.7mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on November 8, 2017. The weighted average yield was fixed at 7.327%. The nearest treasury security auction is scheduled for November 29, 2017, where GEL 20.0mn nominal value 5-year T-Notes will be sold.

Ministry of Finance Treasury Bills:

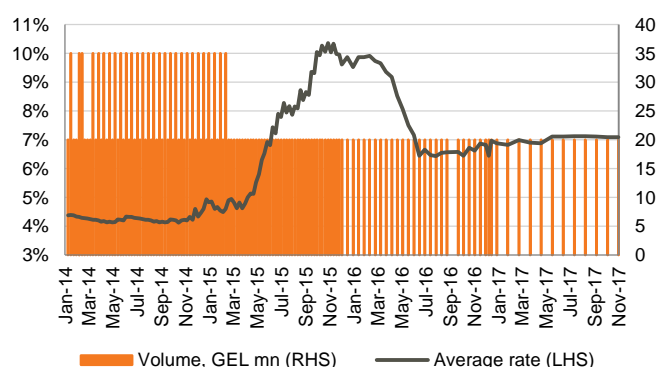
182-days GEL 20.0mn (US\$ 7.7mn) T-bills of Ministry of Finance were sold at the auction held at NBG on November 8, 2017. The weighted average yield was fixed at 7.096%.

T-bills / T-notes, yield curve



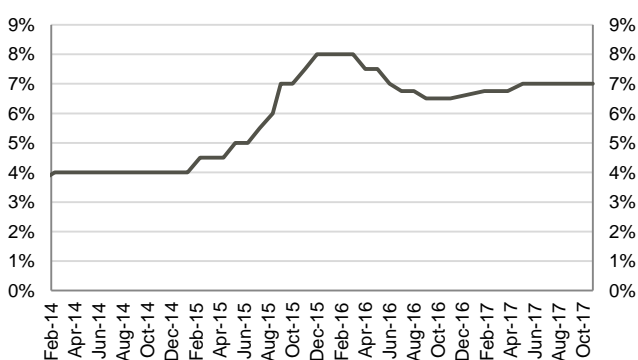
Source: NBG

Certificates of Deposits (weighted average rate)



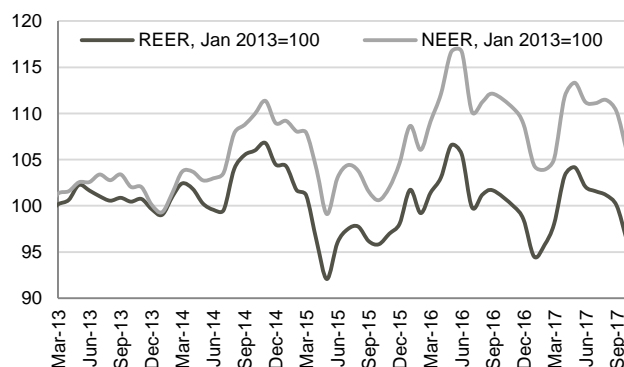
Source: NBG

Monetary policy rate



Source: NBG

Nominal Effective Exchange Rate and Real Effective Exchange Rate



Source: NBG

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

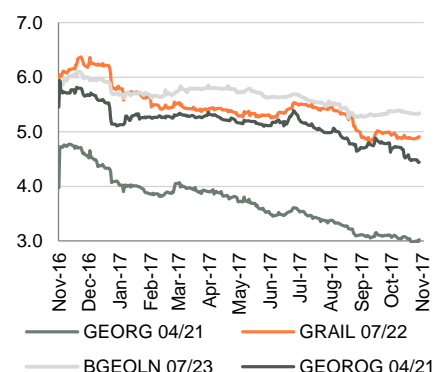


Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.3% yield, trading at 103.2 (unchanged w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (+0.5% w/w), yielding 10.8%. GOGC Eurobonds (GEOROG) were trading at 107.3 (+0.1% w/w), yielding 4.4%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 111.7 (-0.1% w/w), yielding 4.9%.

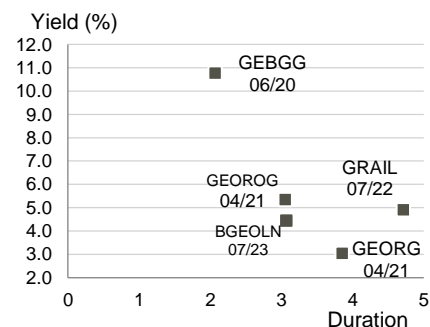
Georgian Sovereign Eurobonds (GEORG) closed at 112.4 (-0.1% w/w) at 3.0% yield to maturity.

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	GLC 08/20	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	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	08/17	8/17	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	06/19	8/20	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	9.0	7.00	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/	-/-	-/-	-/-	n/a	BB-/Ba2	BB-/B+	BB-/B1	BB-/BB-/Ba2	B+/B+
Mid price, US\$	n/a	101.4	101.2	100.0	101.73	100.5	107.3	103.2	112.4	111.7
Mid yield, %	n/a	6.75%	8.5%	9.0%	6.50%	10.8	4.4	5.3	3.0	4.9
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	245.5	103.4	282.1	319.8

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	112.4	3.0	103.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	102.1	4.4	218.5
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	118.2	0.0	-34.3
Croatia	1,250	3.875%	30/05/2022	BB/BB/Baa2	112.0	1.1	100.5
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	111.8	2.7	69.6
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	115.1	2.9	88.0
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	105.7	2.6	70.5
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Baa1	104.5	4.2	218.0

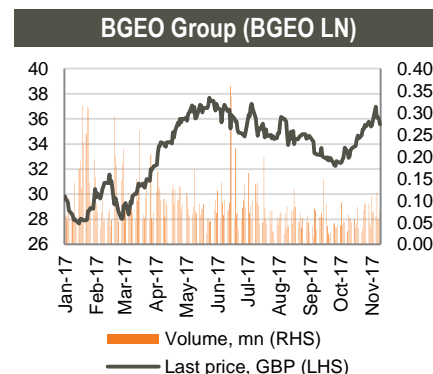
Source: Bloomberg

Equities

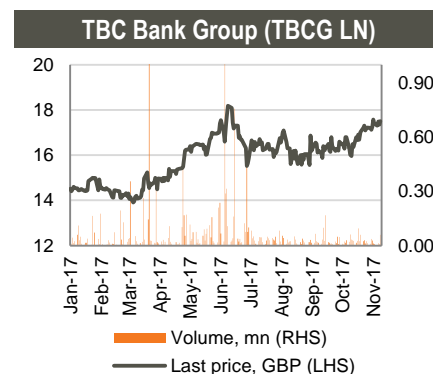
BGEO Group (BGEO LN) shares closed at GBP 35.57/share (-0.95% w/w and +8.12% m/m). More than 372k shares traded in the range of GBP 35.42 – 37.05/share. Average daily traded volume was 66k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 2.21% w/w and lost 0.62% m/m. The volume of BGEO shares traded was at 0.94% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.00 (-2.35% w/w and +6.18% m/m). More than 96k shares changed hands in the range of GBP 17.00 – 17.63 share. Averaged daily traded volume was 25k in the last 4 weeks.

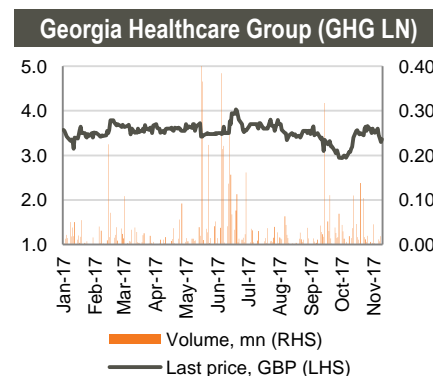
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.37/share (-4.03% w/w and +9.51% m/m). More than 18k shares were traded in the range of GBP 3.29 – 3.60/share. Average daily traded volume was 40k in the last 4 weeks. The volume of GHG shares traded was at 0.03% of its capitalization.



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	46.95	1,849	8.1%	2.5%	-3.7%	19.2%	21.6%
TBC*	TBC	22.44	1,188	6.2%	4.3%	3.1%	17.1%	35.0%
Halyk Bank	HSBK	9.60	2,639	1.7%	-0.4%	20.5%	60.3%	47.7%
KKB	KKB	0.68	712	0.0%	0.0%	-36.4%	-52.9%	-47.7%
VTB Bank	VTBR	2.08	13,453	-2.3%	2.8%	-7.9%	-13.0%	0.0%
Vozrozhdenie Bank	VZRZ	10.11	240	3.9%	3.3%	-22.1%	-17.4%	-7.0%
Sberbank	SBER	15.65	84,459	10.2%	28.3%	29.0%	35.2%	59.9%

Source: Bloomberg

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

Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG*	GHG	4.45	585	9.5%	-0.9%	-9.0%	-5.7%	-3.8%
Mouwasat	MOUWASAT	42.74	2,137	0.2%	0.3%	9.8%	8.5%	11.8%
Fortis	FORH	2.06	1,066	-12.4%	-13.2%	-36.6%	-22.7%	-16.5%
Raffles	RFMD	0.85	1,503	-1.6%	2.4%	-13.8%	-14.1%	-19.5%
IHH	IHH	1.34	11,067	-0.7%	-3.9%	-5.5%	-5.1%	-8.7%
Bangkok Chain	BCH	0.49	1,227	2.8%	19.4%	31.6%	19.2%	27.4%
Netcare	NTC	1.73	2,531	-6.2%	-6.9%	-14.1%	-25.4%	-28.9%

Source: Bloomberg

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

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