

Weekly Market Watch

Weekly Market Watch | Georgia
August 15, 2016

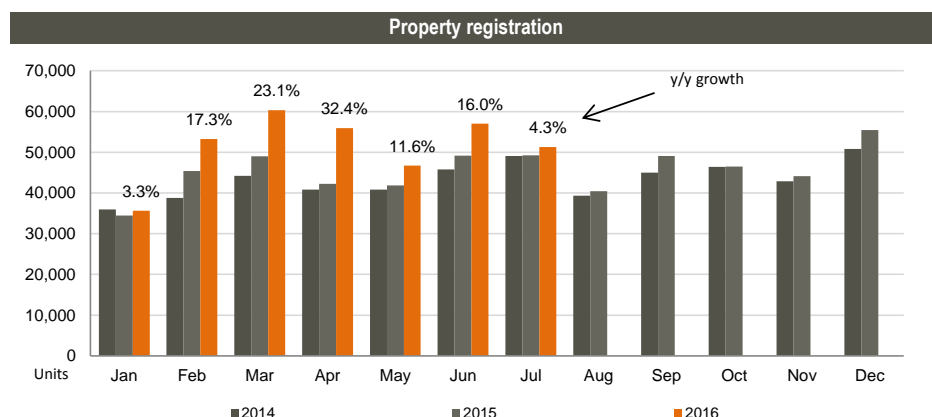
Economy

Property registration up 4.3% y/y in July 2016

Property registration (commercial and residential real estate) increased 4.3% y/y (-10.0% m/m), reaching 51,314 units in July 2016, according to the National Agency of Public Registry. Registration increased for primary (+2.7% y/y, 19.7% of total), as well as secondary (+4.7% y/y, 80.3% of total) properties.

Company registration down 9.2% y/y in July 2016

In July 2016, company registration was down 9.2% y/y (-6.1% m/m) to 3,794 units, according to the National Agency of Public Registry. Out of newly registered companies, 96.2% were business legal entities, while 3.8% comprised non-entrepreneurial (non-commercial) legal entities.



Source: NAPR

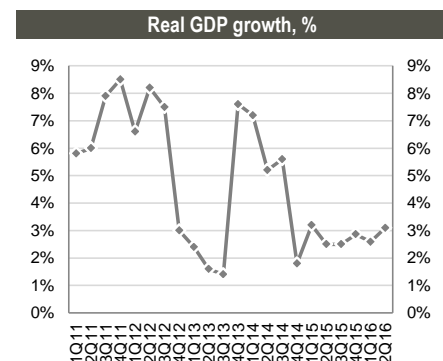
Key macro indicators			
	7M16	2015	2014
GDP (% change)	2.9% ⁽²⁾	2.8%	4.6%
GDP per capita (ppp)	...	9,566	9,209
GDP per capita (US\$)	...	3,743	3,676
Population (mn)	3.7 ⁽¹⁾	3.7 ⁽¹⁾	4.5
Inflation (eop)	1.5%	4.9%	2.0%
Gross reserves (US\$ bn)	2.9	2.5	2.7
CAD (% of GDP)	13.1% ⁽³⁾	11.8%	10.6%
Fiscal deficit (% of GDP)	...	3.8%	3.0%
Total public debt (% of GDP)	...	41.5%	35.5%

Source: Official data, IMF, G&T

(1) Preliminary results of census, previous data is subject to recalculation

(2) As of 1H16

(3) As of 1Q16




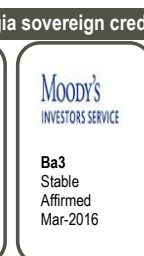

Source: GeoStat

Note: 2Q16 figure based on rapid estimates

International ranking of Georgia, 2016

Ease of Doing Business # 24 (regional leader)
 Economic Freedom Index # 23 (mostly free)
 Global Competitiveness Index # 66 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

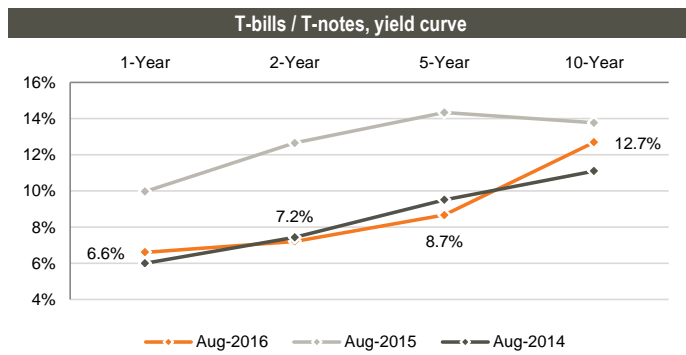
Georgia sovereign credit ratings		
 BB- Stable Affirmed Nov-2015	 Ba3 Stable Affirmed Mar-2016	 BB- Stable Affirmed Apr-2016

Source: Rating agencies

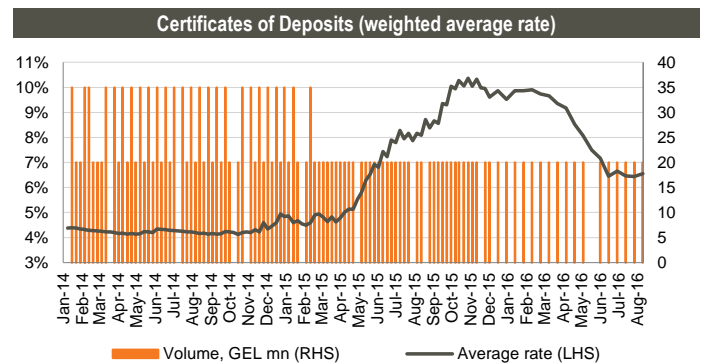
Money Market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 750mn (US\$ 320.3mn).

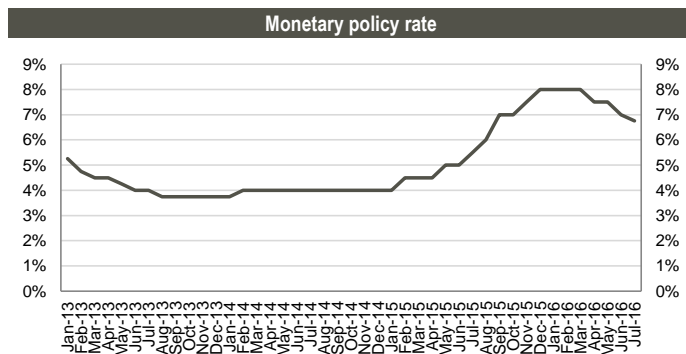
Ministry of Finance Treasury Securities: 1-year GEL 45.0mn (US\$ 19.2mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on August 10, 2016. The weighted average yield was fixed at 6.613%. The nearest treasury securities auction is scheduled for August 17, 2016, where GEL 20mn nominal value 5-year T-Notes will be sold.



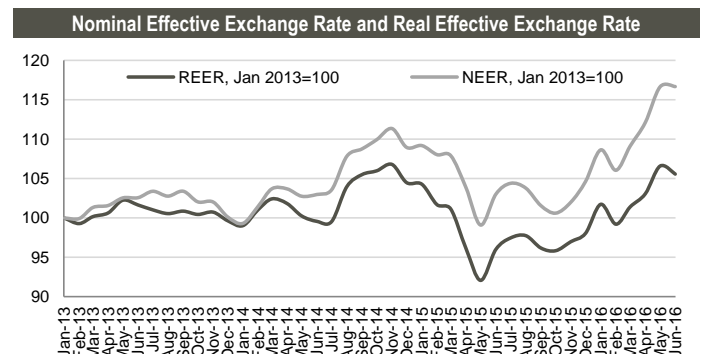
Source: NBG



Source: NBG



Source: NBG
Note: Next revision of a monetary policy rate is scheduled for 7 September 2016



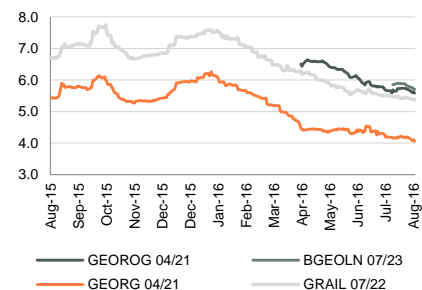
Source: NBG
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.7% yield, trading at 101.6 (+0.6% w/w). GOGC Eurobonds (GEOROG) were trading at 104.8 (+0.5% w/w), yielding 5.6%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 111.9 (+0.3% w/w), yielding 5.4%.

Georgian Sovereign Eurobonds (GEORG) closed at 111.8 (+0.5% w/w) at 4.1% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

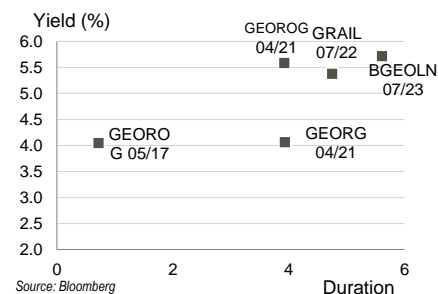
	Local bonds					Eurobonds				
	Nikora 03/18	GWP 11/17	M2RE 03/17	EVEX 05/17	GLC 09/17	GEOROG 04/21	GEOROG 05/17	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	5	6*	20	15	10	250	53	350	500	500
Issue date	Mar-16	Dec-15	Mar-15	May-15	Sep-14	Apr-16	May-12	Jul-16	Apr-11	Jul-12
Maturity date	Mar-18	Dec-17	Mar-17	May-17	Sep-17	Apr-21	May-17	Jul-23	Apr-21	Jul-22
Coupon, %	11.000	15.000**	9.500	9.500	8.750	6.750	6.875	6.000	6.875	7.750
Fitch/S&P/ Moody's	-/-	BB-/	-/-	-/-	-/-	BB-/B+	BB-/B+	BB-/B1	BB-/BB- /Ba3	BB-/BB-/
Mid price, US\$	100.0	100.0*	101.6	101.9	100.7	104.8	102.1	101.6	111.8	111.9
Mid yield, %	11.0	15.0	7.8	7.8	8.3	5.6	4.0	5.7	4.1	5.4
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	449.9	317.2	450.4	298.0	422.6

Source: Bloomberg

*GWP 11/17 bonds are in Georgian lari

**Floating rate with 7.5% over the NBG's refinancing rate

Georgia Eurobonds, YTM (%)



Source: Bloomberg

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	4/12/2021	BB-/BB-/Ba3	111.8	4.1	298.0
Azerbaijan	1,250	4.750	3/18/2024	BB+/-/Ba1	104.1	4.1	286.6
Bulgaria	323	5.000	7/19/2021	BBB-/	120.1	0.8	-199.2
Croatia	1,250	3.875	5/30/2022	BB/BB/Ba2	106.4	2.7	278.1
Hungary	3,000	6.375	3/29/2021	BBB-/BB+/Ba1	115.4	2.8	171.1
Romania	2,250	6.750	2/7/2022	BBB-/BBB-/Baa3	120.3	2.7	159.2
Russia	3,500	5.000	4/29/2020	BBB-/BB+/Ba1	107.1	2.9	191.0
Turkey	2,000	5.625	3/30/2021	BBB-/NR/Baa3 /-	107.5	3.8	276.0

Source: Bloomberg

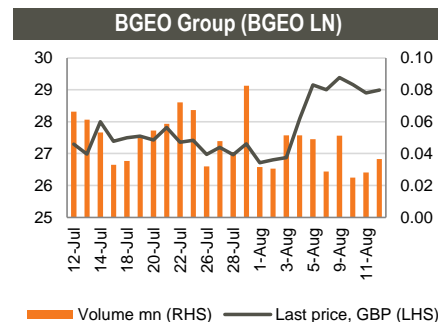
Equities

BGEO Group (BGEO LN) shares closed at GBP 28.99/share (-0.55% w/w and +6.19% m/m). More than 169 shares traded in the range of GBP 28.50 – 29.75/share. Average daily traded volume was 46k in the last 4 weeks, less than in the previous month. FTSE 250 Index, of which BGEO is a constituent, gained 2.61% w/w and gained 6.63% m/m, respectively. The volume of BGEO shares traded was at 0.43% of its capitalization.

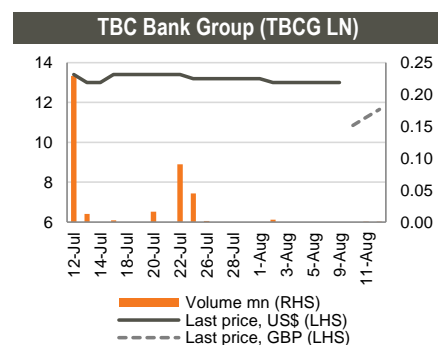
TBC Bank Group ordinary shares - 49,159,880, have been admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on London Stock Exchange main market for listed securities under the ticker TBCG LN. TBCG LN closed the week at GBP 11.65. Less than 1k shares changed hands in the range of GBP 10.85 – 11.65/share.

Georgia Healthcare Group (GHG LN) shares closed at GBP 3.02/share (+0.67% w/w and -13.71% m/m). More than 220k shares were traded in the range of GBP 2.90 – 3.04/share. Average daily traded volume was 25k in the last 4 weeks. The volume of GHG shares traded was at 0.17% of its capitalization.

On the Georgian stock exchange Bank of Georgia (+2.70% w/w) and Liberty Bank (+4.39% w/w) shares were traded on the Georgian Stock Exchange. As a result, the G&T Index came to at 864.70 (+2.65% w/w).

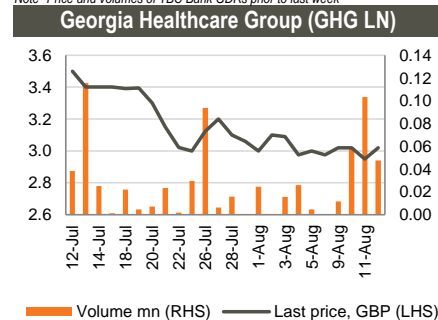


Source: Bloomberg



Source: Bloomberg

Note: *Price and volumes of TBC Bank GDRs prior to last week



Source: Bloomberg

Eastern European banks

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
BGEO*	BGEO	37.44	1,479	6.2%	24.7%	79.2%	52.3%	48.3%
TBC	TBC	15.05	740	N/A	N/A	N/A	N/A	N/A
Halyk Bank	HSBK	5.05	1,388	2.0%	44.3%	50.5%	2.0%	-32.7%
KKB	KKB	1.59	634	0.0%	-20.5%	127.1%	29.8%	-41.5%
VTB Bank	VTBR	2.05	13,310	-3.5%	-0.2%	19.8%	-2.6%	-3.6%
Vozrozhdenie	VZRZ	9.94	236	0.3%	14.4%	23.8%	6.4%	19.4%
Sberbank	SBER	2.15	46,385	-0.7%	15.1%	47.0%	37.7%	90.0%

Source: Bloomberg

Note: * BGEO is traded in GBP and is 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	3.90	514	-13.7%	52.5%	80.4%	94.8%	N/A
Mouwasat	MOUWASAT	37.53	1,876	3.6%	7.4%	28.5%	15.6%	-0.3%
Fortis	FORH	2.89	1,338	23.9%	15.2%	27.7%	7.3%	8.0%
Raffles	RFMD	1.13	1,966	-2.6%	-0.7%	12.2%	9.3%	-1.2%
IHH	IHH	1.65	13,563	-0.5%	2.2%	2.0%	0.6%	16.5%
Bangkok Chain	BCH	0.35	869	-4.0%	16.3%	42.4%	33.7%	74.1%
Netcare	NTC	2.44	3,564	3.7%	-5.3%	-3.1%	-2.6%	-15.4%

Source: Bloomberg

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

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