

Weekly Market Watch

Weekly Market Watch | Georgia
January 25, 2021

Economy

Trade deficit down 18.0% y/y in December 2020

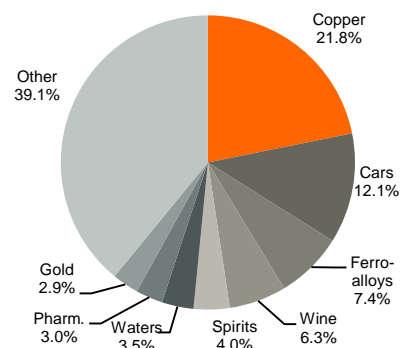
In December 2020, trade deficit narrowed by 18.0% y/y to US\$ 473.3mn as exports declined by 17.7% y/y to US\$ 325.7mn and imports fell by 17.9% y/y to US\$ 799.0mn.

In December 2020, copper (+3.1% y/y), cars (-60.2% y/y), wine (+19.5% y/y), spirits (+8.3% y/y) and ferro-alloys (-62.3% y/y) were the top 5 exported commodities. A 20.8% of exports were directed to the EU (-7.3% y/y), 50.4% to the CIS (-23.5% y/y) and 28.7% to other countries (-13.5% y/y).

Cars (-40.9% y/y), petroleum (-33.5% y/y), gases (-2.9% y/y), pharmaceuticals (+11.7% y/y) and copper (-33.0% y/y) represented the top 5 imported commodities in December 2020.

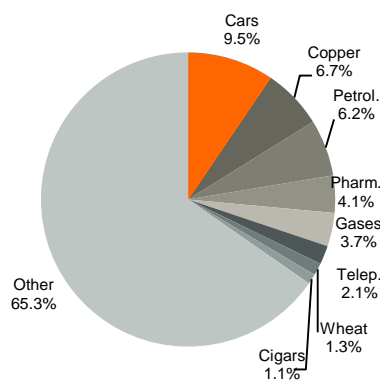
Overall in 2020, trade deficit was down 18.4% y/y to US\$ 4.7bn as exports reduced by 12.0% y/y to US\$ 3.3bn and imports decreased by 15.9% y/y to US\$ 8.0bn.

Exports by commodities, 2020



Source: Geostat

Imports by commodities, 2020

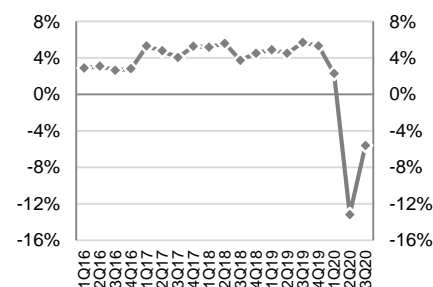


Key macro indicators

	2017	2018	2019
GDP (% change)	4.8%	4.8%	5.0%
GDP per capita (ppp)	13,596	14,584	15,634
GDP per capita (US\$)	4,359	4,722	4,696
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.5%	7.0%
Gross reserves (US\$ bn)	3.0	3.3	3.5
CAD (% of GDP)	8.1%	6.8%	5.5%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.1%
Total public debt (% of GDP)	39.4%	38.9%	40.4%

Source: Official data, Galt & Taggart

Real GDP growth, %



Source: Geostat

International ranking, 2019-20

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 Stable Affirmed Aug-2020	Moody's INVESTORS SERVICE Ba2 Stable Affirmed Aug-2020	FitchRatings BB Negative Affirmed Aug-2020
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Source: Rating agencies

Money market

Ministry of Finance Benchmark Bonds: 10-year GEL 25.0mn (US\$ 7.6mn) Benchmark Bonds were sold at the auction held at NBG on January 18, 2021. Total demand was c.1.8x higher and the weighted average yield was fixed at 8.542%, down by 0.23ppts from previous auction held in October, 2020. The nearest treasury security auction is scheduled for January 26, 2021, where GEL 35.0mn nominal value 5-year Benchmark Bonds will be sold.

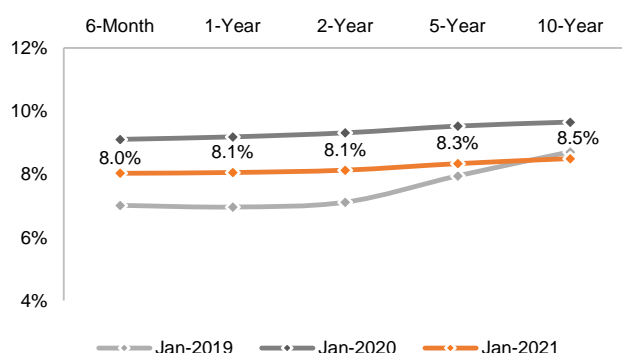
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	0	165	120
1-year	0	165	660
2-year	0	220	1,530
5-year	0	420	2,261
10-year	25	75	1,237
Total	25	1,045	5,808

Source: MoF

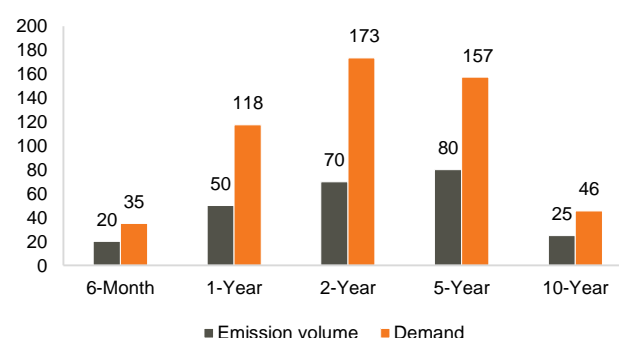
Note: * As of 31 December 2020

T-bills / T-notes, yield curve



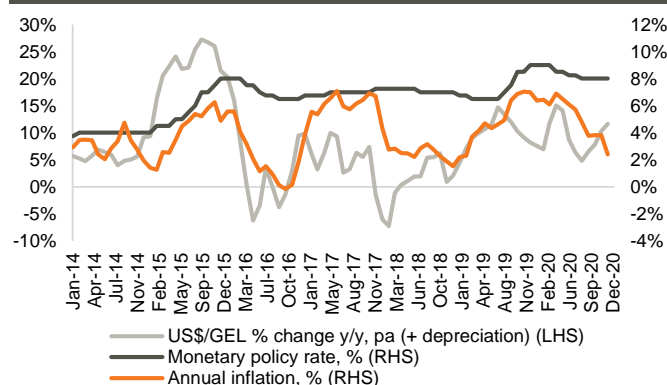
Source: NBG

Emission volume vs. demand on latest T-bill0ls / T-notes auctions, GEL mn



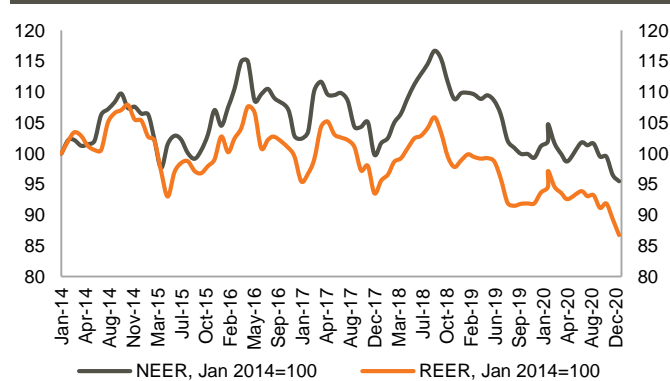
Source: NBG

Monetary policy rate, inflation and FX 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



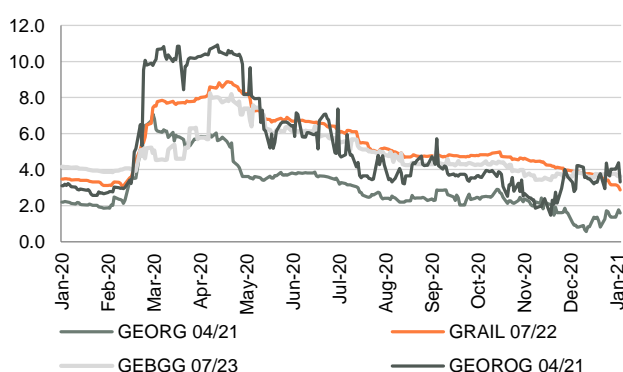
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.70% yield, trading at 105.44 (+0.10% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 100.99 (+0.05% w/w), yielding 5.77%.

GOGC Eurobonds (GEOROG) were trading at 100.57 (-0.13% w/w), yielding 4.38%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.55 (-0.03% w/w), yielding 3.12%.

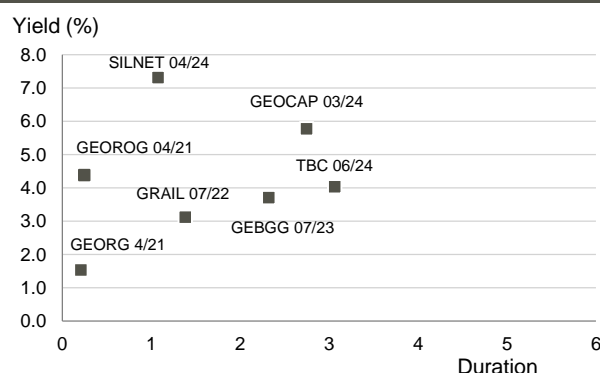
Georgian Sovereign Eurobonds (GEORG) closed at 101.12 (-0.13% w/w) at 1.53% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg
Note: For Silknet duration calculation call date is taken as maturity.

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
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	101.12	1.53	131.49
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	106.55	3.12	292.75
GEOROG 04/21	US\$	250	6.750%	Apr-21	-BB/-	100.57	4.38	418.14
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/Ba2	105.44	3.70	347.11
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	106.98	9.10	841.19
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	100.99	5.77	549.49
SILKNET 04/24	US\$	200	11.000%	Apr-24	B-/B1	110.29	7.31	617.38
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/Ba2	105.40	4.03	372.44
TBC PERP	US\$	125	10.775%	n/a	B-/-	103.78	9.60	919.38
GGU 07/25	US\$	250	7.750%	Jul-25	B+/B/-	103.30	6.89	636.17

Georgian local bonds performance

KTW 12/22	US\$	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B1/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	100.45	7.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.38	7.25	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-/-	99.99	7.50	n/a
GLC 08/22	US\$	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-	100.00	12.00	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	US\$	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	13.25%	Sep-21	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



Fixed income, continued

Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Baa2	101.12	1.53	131.49
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.92	1.27	108.15
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	104.04	4.81	460.84
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	111.12	0.83	48.22
Russia	US\$	3,000	4.875%	Sep-23	BBB/BBB-/Baa3	110.01	1.02	78.08
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B2	100.62	2.09	188.21
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/B3	103.56	1.73	153.77

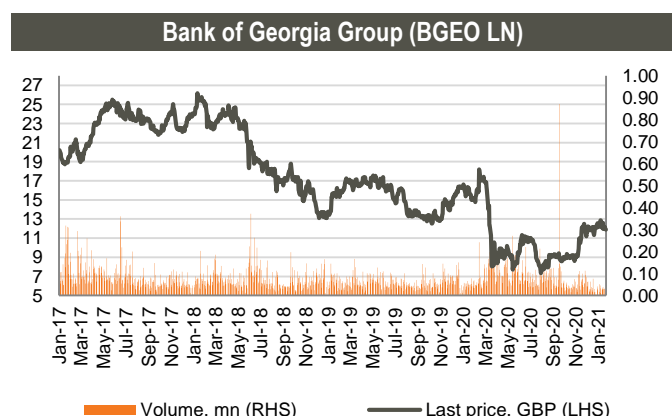
Source: Bloomberg

Equities

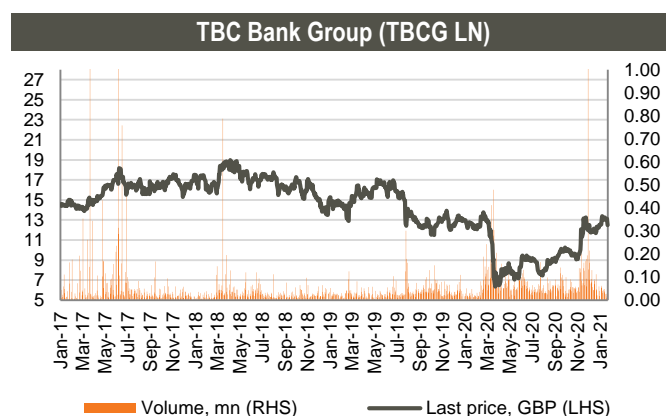
Bank of Georgia Group (BGEO LN) shares closed at GBP 11.88/share (-0.67% w/w and +0.51% m/m). More than 139k shares traded in the range of GBP 11.56 - 12.30/share. Average daily traded volume was 31k in the last 4 weeks. The volume of BGEO shares traded was at 0.28% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 5.25/share (-3.49% w/w and +2.94% m/m). More than 117k shares traded in the range of GBP 5.25 - 5.65/share. Average daily traded volume was 28k in the last 4 weeks. The volume of CGEO shares traded was at 0.32% of its capitalization.

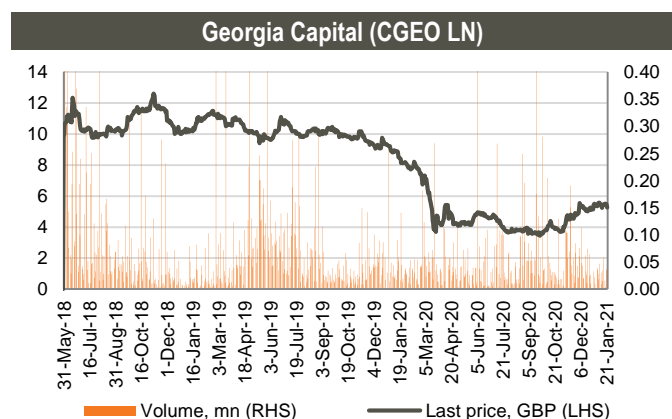
TBC Bank Group (TBCG LN) closed the week at GBP 12.50/share (-4.43% w/w and +5.22% m/m). More than 114k shares changed hands in the range of GBP 12.50 - 13.26/share. Average daily traded volume was 37k in the last 4 weeks. The volume of TBCG shares traded was at 0.21% of its capitalization.



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	
								2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	11.88	584	39.8%	-23.6%	-2.6%	8.60x	5.10x	0.98x	0.82x
TBC	TBC	GBP	12.50	688	63.0%	0.2%	0.0%	6.62x	6.07x	1.03x	0.91x
Halyk Bank	HSBK	US\$	12.70	3,732	11.4%	-13.0%	9.0%	5.35x	4.82x	1.05x	0.96x
VTB Bank	VTBR	US\$	0.95	6,127	-6.4%	-39.9%	-0.9%	6.92x	3.12x	0.34x	0.32x
Akbank	AKBNK	TRY	6.72	34,944	15.7%	-23.2%	-3.0%	5.90x	4.38x	0.58x	0.50x
Garanti	GARAN	TRY	9.76	40,992	22.6%	-19.8%	-5.9%	6.05x	4.20x	0.66x	0.56x
Isbank	ISCTR	TRY	6.66	29,970	25.0%	-7.6%	-4.9%	4.43x	3.48x	0.45x	0.40x
PKO	PKO	PLN	29.67	37,088	27.0%	-14.0%	3.3%	13.48x	12.76x	0.83x	0.80x
PEKAO	PEO	PLN	65.26	17,129	17.0%	-35.3%	6.8%	14.00x	12.68x	0.68x	0.66x
Millennium	MIL	PLN	3.96	4,804	31.0%	-32.7%	21.1%	13.78x	11.17x	0.53x	0.54x
Mbank	MBK	PLN	207.80	8,798	-3.3%	-45.4%	16.0%	27.35x	19.01x	0.52x	0.51x
BRD	BRD	RON	15.24	10,621	28.7%	-5.1%	2.6%	13.47x	13.32x	1.19x	1.27x
Banca Transilvania	TLV	RON	2.32	12,075	21.3%	-2.6%	2.9%	12.91x	11.49x	1.64x	1.60x
OTP	OTPD	USD	22.80	12,768	0.0%	7.5%	0.0%	12.81x	11.35x	0.71x	0.66x
Komerční	KOMB	CZK	672.00	127,713	16.7%	-16.8%	2.3%	16.04x	14.02x	1.13x	1.09x
Mean								11.18x	9.13x	0.82x	0.77x
Median								12.81x	11.17x	0.71x	0.66x

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	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	5.25	193	34.6%	-35.5%	-2.8%	n/a	n/a	n/a	n/a
Tinc Comm	TINC	EUR	12.80	349	-4.8%	-8.9%	-1.2%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	11.11	22,669	21.4%	6.8%	-3.1%	4.88x	4.23x	0.62x	0.53x
Deutsche Beteiligungs	DBAN	EUR	37.00	557	24.4%	-8.0%	11.8%	nmf	12.89x	1.31x	1.28x
Eurazeo	RF	EUR	57.80	4,553	23.3%	-8.0%	4.1%	34.69x	9.54x	0.84x	0.79x
Carlyle Group	CG	USD	33.48	3,705	13.9%	-2.3%	6.5%	5.64x	4.85x	5.53x	5.93x
Mean								15.07x	7.88x	2.08x	2.13x
Median								5.64x	7.19x	1.07x	1.03x

Source: Bloomberg, S&P Capital IQ

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