

# Weekly Market Watch

Weekly Market Watch | Georgia  
January 18, 2021

## Economy

### Trade deficit down 18.0% y/y in December 2020

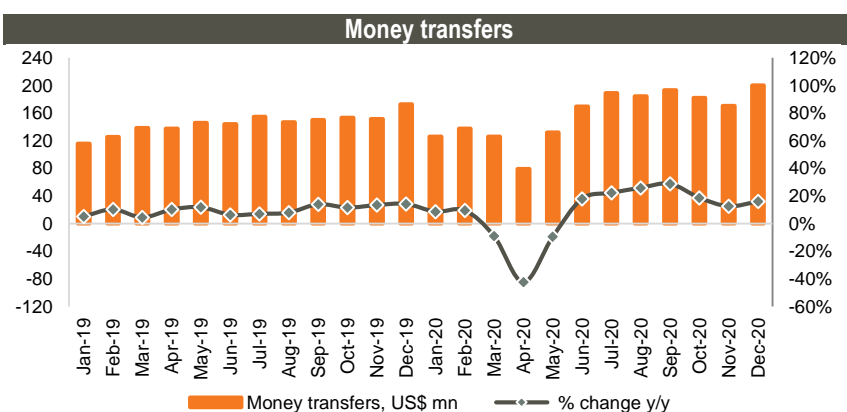
In December 2020, trade deficit narrowed by 18.0% y/y to US\$ 473.3mn according to Geostat's preliminary figures, as exports decreased by 17.7% y/y to US\$ 325.7mn, while imports fell by 17.9% y/y to US\$ 799.0mn. Overall in 2020, trade deficit was down 18.4% y/y to US\$ 4.7bn as exports decreased by 12.0% y/y to US\$ 3.3bn and imports were down 15.9% y/y to US\$ 8.0bn. Detailed foreign trade statistics will be available on January 20, 2021.

### Money transfers up 15.9% y/y in December 2020

In December 2020, money transfers increased by 15.9% y/y to US\$ 199.7mn, after growing 12.5% y/y in previous month, according to NBG. From major remitting countries, money transfers increased strongly from Italy (+33.4% y/y, 15.9% of total), USA (+35.1% y/y, 11.2% of total) and Greece (+14.4% y/y, 11.2% of total). Meanwhile, remittances declined from Russia (-7.1% y/y, 20.4% of total). Overall in 2020, money transfers were up 8.8% y/y to US\$ 1.9bn.

### International arrivals down 80.4% y/y in 2020

Total international arrivals (tourists and same-day arrivals) to Georgia were down 80.4% y/y to 1.52mn persons, according to GNTA, as borders remained closed for international travel due to COVID-19 pandemic. Meanwhile, tourism revenues stood at US\$ 538mn (-83.5% y/y) in 2020, by our estimates.



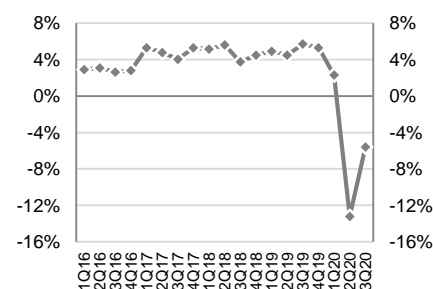
Source: NBG

### 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

<b>STANDARD &amp; POOR'S</b>  <b>BB</b> Stable Affirmed Aug-2020	<b>Moody's</b> INVESTORS SERVICE  <b>Ba2</b> Stable Affirmed Aug-2020	<b>FitchRatings</b>  <b>BB</b> Negative Affirmed Aug-2020
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Source: Rating agencies



## Money market

There were no treasury securities auction last week. The nearest treasury security auction is scheduled for January 18, 2021, where GEL 25.0mn nominal value 10-year Benchmark Bonds will be sold.

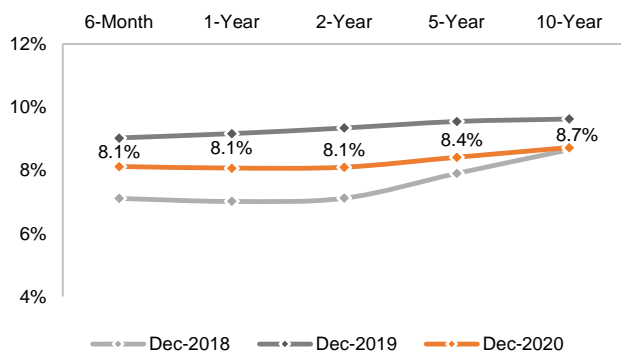
### T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	0	165	150
1-year	0	165	670
2-year	0	220	1,460
5-year	0	420	2,174
10-year	0	100	1,237
<b>Total</b>	<b>0</b>	<b>1,070</b>	<b>5,691</b>

Source: MoF

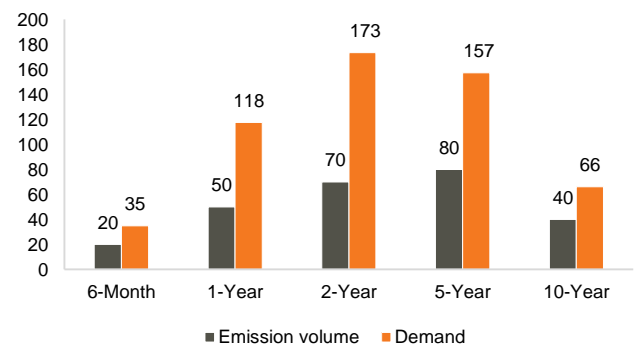
Note: \* As of 30 November 2020

### T-bills / T-notes, yield curve



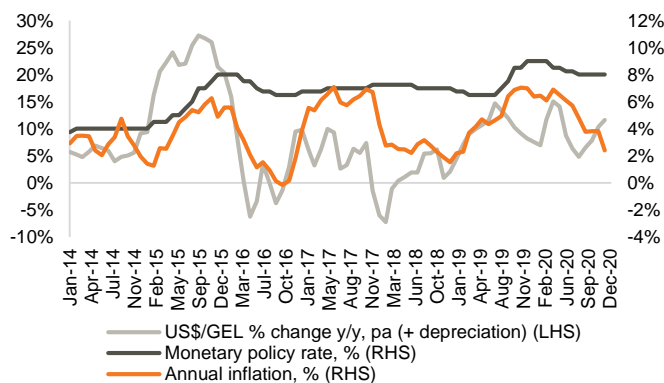
Source: NBG

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



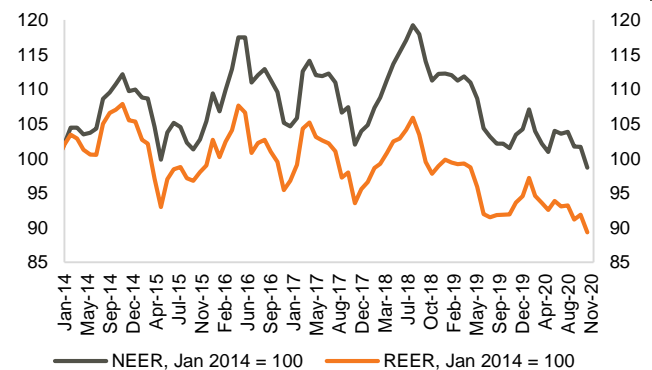
Source: NBG

### 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

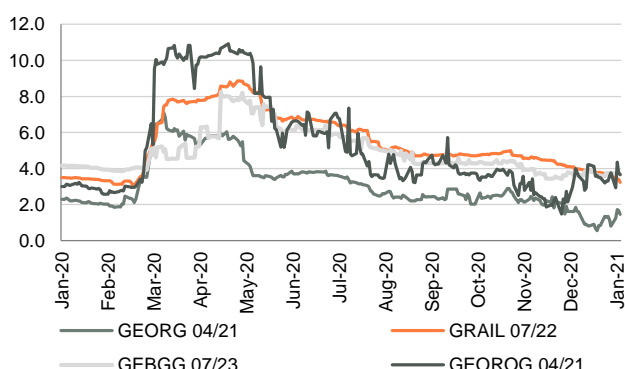
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 3.76% yield, trading at 105.34 (-0.13% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 100.94 (+0.03% w/w), yielding 5.79%.

GOGC Eurobonds (GEOROG) were trading at 100.63 (-0.20% w/w), yielding 4.28%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.59 (+0.59% w/w), yielding 3.15%.

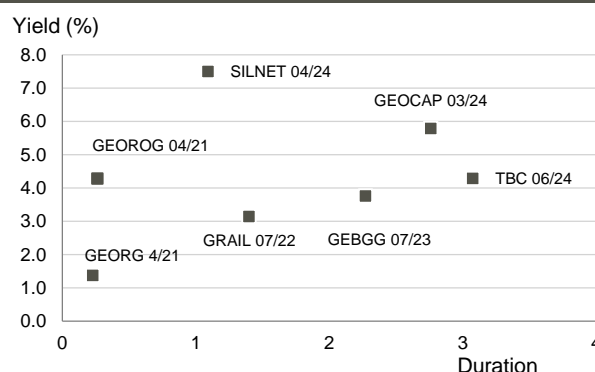
**Georgian Sovereign Eurobonds (GEORG)** closed at 101.25 (-0.26% w/w) at 1.37% yield to maturity.

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	101.25	1.37	114.55
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	106.59	3.15	295.03
GEOROG 04/21	US\$	250	6.750%	Apr-21	-BB-/-	100.63	4.28	407.71
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/B/Ba2	105.34	3.76	352.09
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-/-	107.33	9.07	830.55
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	100.94	5.79	550.70
SILKNET 04/24	US\$	200	11.000%	Apr-24	B/-/B1	109.79	7.50	662.96
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B/Ba2	104.62	4.28	396.81
TBC PERP	US\$	125	10.775%	n/a	B-/-/-/-	103.81	9.62	918.45
GGU 07/25	US\$	250	7.750%	Jul-25	B+/-/B-/-	102.66	7.05	656.52

#### 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-/-/-/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-/-	100.47	7.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-/-	100.39	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	101.25	1.37	114.55
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	101.00	1.18	98.82
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	104.06	4.82	460.78
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	111.14	0.84	48.78
Russia	US\$	3,000	4.875%	Sep-23	BBB/BBB-/Baa3	110.06	1.03	77.87
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B2	100.69	2.04	182.41
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/B3	103.51	1.97	178.20

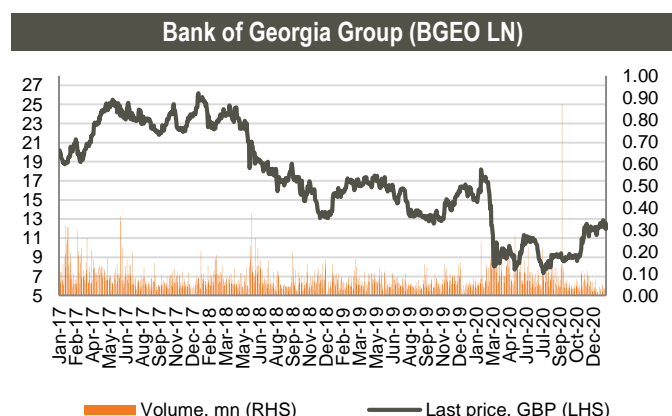
Source: Bloomberg

## Equities

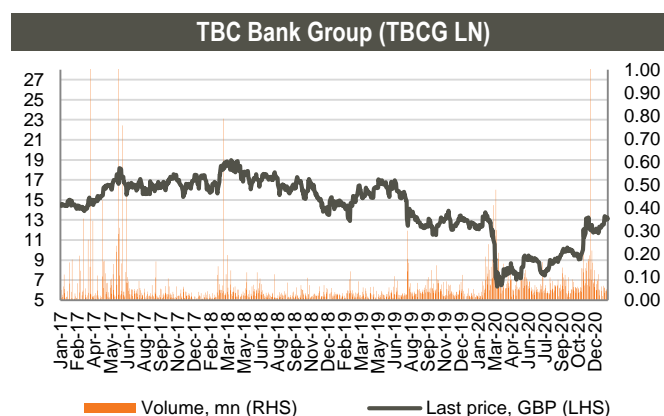
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 11.96/share (-7.14% w/w and -1.48% m/m). More than 156k shares traded in the range of GBP 11.86 - 12.84/share. Average daily traded volume was 28k in the last 4 weeks. The volume of BGEO shares traded was at 0.32% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 5.44/share (-2.16% w/w and +7.09% m/m). More than 147k shares traded in the range of GBP 5.17 - 5.69/share. Average daily traded volume was 30k in the last 4 weeks. The volume of CGEO shares traded was at 0.40% of its capitalization.

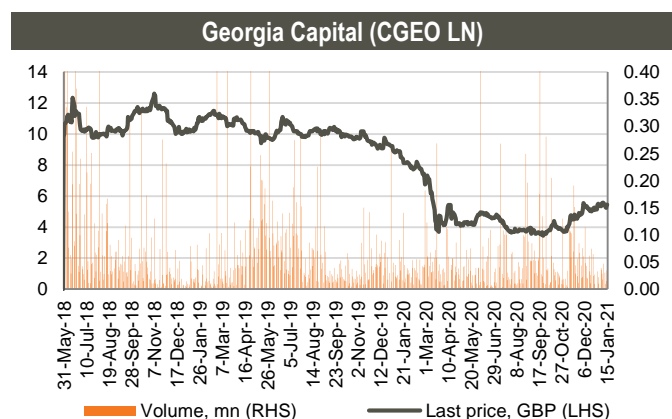
**TBC Bank Group (TBCG LN)** closed the week at GBP 13.08/share (-1.21% w/w and +7.74% m/m). More than 192k shares changed hands in the range of GBP 12.96 - 13.40/share. Average daily traded volume was 46k in the last 4 weeks. The volume of TBCG shares traded was at 0.35% of its capitalization.



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	11.96	588	24.1%	-26.2%	-2.0%	8.26x	4.89x	0.94x	0.80x
TBC	TBC	GBP	13.08	720	53.9%	3.6%	4.6%	6.61x	6.05x	1.03x	0.90x
Halyk Bank	HSBK	US\$	13.20	3,879	8.6%	-10.5%	13.3%	5.50x	5.03x	1.06x	1.00x
VTB Bank	VTBR	US\$	1.03	6,668	10.3%	-32.0%	7.8%	7.53x	3.32x	0.37x	0.34x
Akbank	AKBNK	TRY	6.91	35,932	19.8%	-21.4%	-0.3%	8.45x	6.32x	0.83x	0.73x
Garanti	GARAN	TRY	10.02	42,084	27.2%	-17.4%	-3.4%	8.39x	5.96x	0.91x	0.77x
Isbank	ISCTR	TRY	6.85	30,825	29.5%	0.0%	-2.1%	6.39x	4.83x	0.64x	0.57x
PKO	PKO	PLN	30.62	38,275	27.2%	-12.0%	6.6%	13.56x	12.95x	0.84x	0.81x
PEKAO	PEO	PLN	66.18	17,370	16.8%	-35.4%	8.3%	13.84x	12.58x	0.67x	0.66x
Millennium	MIL	PLN	3.94	4,779	26.3%	-35.6%	20.5%	13.36x	12.44x	0.51x	0.52x
Mbank	MBK	PLN	204.60	8,662	-8.3%	-47.6%	14.2%	24.45x	18.07x	0.50x	0.50x
BRD	BRD	RON	15.10	10,523	29.1%	-4.8%	1.6%	12.72x	12.63x	1.13x	1.20x
Banca Transilvania	TLV	RON	2.29	11,918	20.0%	-4.6%	1.6%	12.14x	10.86x	1.54x	1.51x
OTP	OTPD	USD	22.80	12,768	0.0%	7.5%	0.0%	12.74x	11.51x	0.71x	0.67x
Komerční	KOMB	CZK	701.00	133,225	22.1%	-13.5%	6.7%	15.85x	14.03x	1.11x	1.09x
<b>Mean</b>								<b>11.32x</b>	<b>9.43x</b>	<b>0.85x</b>	<b>0.80x</b>
<b>Median</b>								<b>12.14x</b>	<b>10.86x</b>	<b>0.84x</b>	<b>0.77x</b>

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	5.44	200	25.2%	-38.5%	0.7%	n/a	n/a	n/a	n/a
Tinc Comm	TINC	EUR	12.80	349	-5.2%	-3.8%	-1.2%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	11.29	23,036	18.6%	8.1%	-1.5%	6.90x	6.05x	0.88x	0.75x
Deutsche Beteiligungs	DBAN	EUR	35.65	536	23.6%	-11.1%	7.7%	n/a	11.85x	1.17x	1.15x
Eurazeo	RF	EUR	58.80	4,631	26.1%	-4.5%	5.9%	32.84x	9.07x	0.79x	0.75x
Carlyle Group	CG	USD	33.35	3,691	14.5%	4.2%	6.1%	5.66x	4.85x	5.77x	6.13x
<b>Mean</b>								<b>15.13x</b>	<b>7.96x</b>	<b>2.15x</b>	<b>2.19x</b>
<b>Median</b>								<b>6.90x</b>	<b>7.56x</b>	<b>1.03x</b>	<b>0.95x</b>

Source: Bloomberg, S&P Capital IQ

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