

## Georgian Weekly Market Watch (August 11 - August 15)

### Market comment

Last week, London traded Bank of Georgia Holdings (BGEO LN) closed at GBP 24.86 (-0.04% w/w). During the week, more than 260 000 shares were traded in the range of GBP 23.81 – 25.19. TBC Bank closed the week at US\$15.25 (+9.0% w/w), more than 460 000 GDRs changed hands in the range of US\$ 13.94 – 15.30.

In the debt world, Bank of Georgia (GEBGG 07/17, +0.4% to 106.9), Georgian Railway (GRAIL 07/22, +1.2 % to 111.3) and Georgian Sovereign (GEORG 04/21, +2.1% to 112.3) Eurobond prices went up. While, Georgian Oil and Gas Corporation (GEOROG, 0.0% to 106.7) Eurobond price remained unchanged.

On the Georgian stock exchange, only Bank of Georgia shares (GEB GG) were traded at GEL 38.00 (-5.0% w/w). As a result, BG Index decreased to the level of 866.9 (-4.6% w/w).

### Money market

Last week, the National Bank of Georgia (NBG) issued 7-day refinancing loans in the amount of GEL 470mn with an average yield amounting 4.00% (-0.25% w/w). NBG also sold 91-day, GEL 35mn certificates of deposits. The average yield was 4.16% (down by 7bps).

As for treasury debt, on August 13, total of GEL 10mn 2-year T-Notes of Ministry of Finance were sold at the auction held at NBG. Minimum yield was 7.420%, maximum yield was 7.500% and the weighted average yield was fixed at 7.431%. The coupon rate was 7.431%. Coupons will be paid semi-annually. The nearest treasury securities auction is scheduled for August 20, 2014, where GEL 10mn nominal value 364-day T-Bills will be sold.

### Economy

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#### Money transfers grew 0.4% y/y in July, 2014

According to NBG, total money transfers from abroad reached US\$ 136.9mn (+0.4% y/y) in July, 2014. Russia accounted for 53.0% of total money transfers, followed by Greece (13.6%) and Italy (7.7%).

#### Foreign direct investments 2013 (adjusted)

According to Geostat, FDI in Georgia increased 3.3% y/y to US\$ 942mn in 2013 (+3.0% from preliminary data of 2013). Netherlands topped the list of investors with US\$ 153.2mn (16%), with Luxembourg coming second at US\$ 142.5mn (15%) and China US\$ 89.9mn (10%).

#### Producer price index decreased 0.04% m/m in July, 2014

According to Geostat, PPI for industrial products decreased 0.04% m/m and increased 4.3% y/y in July 2014. Monthly PPI was mainly influenced by the changes in the price level for manufacturing sector (-0.03% m/m). Change of the annual PPI rate was mainly attributable to the price level changes for the following sectors: manufacturing (+5.4% y/y); supply of electricity, gas and water (-1.8% y/y).

### Exchange rate

#### NBG purchases US\$ 20mn

On August 15, NBG purchased US\$ 20mn on foreign exchange auction. The weighted average exchange rate was 1.7281.

#### Georgian National currency depreciates against US\$ and appreciates against EUR

According to the official exchange rate of the NBG, during the week Georgian Lari has slightly depreciated against US\$ and appreciated against EUR. 1 US\$ equalled to GEL1.728 (+0.03% w/w) and 1 EUR reached to GEL 2.311 (-0.6% w/w).

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