

Georgian Weekly Market Watch (June 23 - June 27)

Market comment

Last week, London traded Bank of Georgia Holdings (BGEO LN) closed at GBP 23.39 (-1.3% w/w). During the week, more than 230 000 shares were traded in the range of GBP 23.20 – 23.95. TBC Bank closed the week at US\$14.20 (+1.8% w/w), more than 1mn GDRs changed hands in the range of US\$ 14.10 – 14.50.

In the debt world, Bank of Georgia (GEBGG 07/17, +0.1% to 107.9), Georgian Railway (GRAIL 07/22, +0.1% to 112.9) and Georgian sovereign (GEORG 04/21, +0.2% to 113.8) Eurobond prices went up, while Georgian Oil and Gas Corporation (GEOROG, -0.01% to 106.9) Eurobond price went down.

On the Georgian stock exchange, Liberty Bank shares were traded at GEL 0.01 - 0.0157 closing at GEL 0.0157 (unchanged w/w) as a result, BG Index remained at the same level of 978.8 (0.0% w/w).

Money market

Last week, the National Bank of Georgia (NBG) issued 7-day refinancing loans in the amount of GEL 455mn with an average yield amounting 4.00% (unchanged w/w). NBG also sold 182-day, GEL 20mn Certificates of Deposits. The average yield was 4.29% (down by 4bps). The nearest treasury securities auction is scheduled for July 2, 2014, where GEL 30mn nominal value 1-year T-bills will be sold.

Economy

5M14 Banking Sector Assets

According to NBG, the banking sector in Georgia is represented by 21 commercial banks, including 18 foreign-controlled banks and two branches of non-resident banks as of June 1, 2014. Total assets of Georgian commercial banks decreased (in current prices) by 0.18% (GEL 0.1bn) m/m and constituted GEL 17.8bn. Equity capital equalled GEL3.0bn, which made up 16.8% of the commercial banks' total assets. The share of foreign capital in banks' total paid-in capital constituted 75.9%. In May 2014, the banking sector posted net profit of GEL 17.7mn.

5M14 Customer Deposits

According to NBG, the total volume of customer deposits in the sector increased by 0.3% (GEL 32.4mn) m/m and constituted 9.9bn as of June 1, 2014. The volume of demand deposits increased by 0.9% (38.2mn) and term deposits decreased by 0.1% (GEL 5.8mn) m/m in 1H14.

Georgia and EU Sign Association Agreement

Georgia and the European Union signed Association Agreement, including Deep and Comprehensive Free Trade Agreement (DCFTA) in Brussels, on June 27, 2014. The agreement aims at Georgia's further approximation to EU standards and regulations in broader range of areas.

Georgian national currency appreciates against USD and depreciates against EUR

According to the official exchange rate of the NBG, during the week Georgian Lari has appreciated against USD and slightly depreciated against EUR. 1 US Dollar equalled GEL1.7691 (-0.15% w/w) and 1 EUR reached to GEL 2.4081 (+0.02% w/w).

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