



Georgian Weekly Market Watch (June 16 - June 20)

Market comment

Last week, London traded Bank of Georgia Holdings (BGEO LN) closed at GBP 23.69 (+0.3% w/w). During the week, more than 350 000 shares were traded in the range of GBP 22.87 – 24.32. TBC Bank closed the week at US\$13.95 (+5.0% w/w), more than 447 000 GDRs changed hands in the range of US\$ 13.2 – 14.01.

In the debt world, Bank of Georgia (GEBGG 07/17, +0.2% to 107.8), Georgian Railway (GRAIL 07/22, +0.3% to 112.7), Georgian Sovereign (GEORG 04/21, +0.1% to 113.6) and Georgian Oil and Gas Corporation (GEOROG, +0.1% to 107.0) Eurobond prices all went up.

On the Georgian Stock Exchange, Bank of Georgia shares (GEB GG) were traded at GEL 43.00 (-4.4% w/w) and Liberty Bank shares were traded at GEL 0.0157 (-0.6% w/w) as a result, BG Index decreased to the level of 978.8 (-4.4% w/w).

Money market

Last week, the National Bank of Georgia (NBG) issued 7-day refinancing loans in the amount of GEL 555mn with an average yield amounting 4.00% (unchanged w/w). NBG also sold 92-day, GEL 35mn Certificates of Deposits. The average yield was 4.32% (down by 2bps).

As for the treasury debt, on June 18, total of GEL 30mn 1-year T-bills of Ministry of Finance were sold at the auction held at NBG. Minimum yield was 6.450%, maximum yield was 6.670% and the weighted average yield was fixed at 6.578%.

Economy

Georgia's External Merchandise Trade January – May 2014

Based on GeoStat, external merchandise trade (excluding non-organized trade) of Georgia reached US\$4.5bn in January-May 2014 (+16% y/y), (preliminary data). Exports grew by 17% y/y reaching US\$ 1.2bn, while imports grew by 15% y/y and amounted to US\$3.3bn. The trade deficit stood at US\$2.1bn with 48% share in trade turnover.

Georgia's Producer Price Index (PPI) for Industrial Products increased 0.6% m/m in May

According to GeoStat, Producer Price Index (PPI) for industrial products increased by 1.9% y/y and 0.6% m/m in May 2014. The index increased 65.1% compared to the 2005 average. The change of the annual PPI rate was mainly attributable by the price level changes for the following sections: manufacturing (+2.5% y/y); supply of electricity, gas and water (-1.4% y/y). The monthly PPI was mainly influenced by the changes in the price level for manufacturing sector (+0.7% m/m).

Gross Domestic Product of Georgia in 1Q2014

Last week GeoStat also reported the real GDP growth rate 7.1% y/y in 1Q14. The nominal GDP totalled GEL 6.3bn.

Georgian National currency depreciates against USD and EURO

According to the official exchange rate of the NBG, during the week Georgian Lari has slightly depreciated against USD and EURO. 1 USD equalled GEL1.7717 (+0.12% w/w) and 1 EUR reached to GEL 2.4076 (+0.34% w/w).

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