



## Georgian Weekly Market Watch (June 02 - June 06)

### Market comment

Last week, London traded Bank of Georgia Holdings (BGEO LN) closed at GBP 24.40 (-3.6% w/w). During the week, more than 670 000 shares were traded at a price in the range of GBP 23.16 – 25.55.

Bank of Georgia (GEBGG 07/17, +0.1% to 107.3) Eurobond price increased, while Georgian Railway (GRAIL 07/22, -1.1% to 111.9) and Georgian Oil and Gas Corporation (GEOROG, -0.2% to 106.4) Eurobond prices decreased., Georgian Sovereign (GEORG 04/21, +2.1% to 113.8) Eurobond price remained unchanged.

On the Georgian Stock Exchange, there were no trades as a result; BG Index remained at the same level GEL 800.0.

### Money market

Last week, the National Bank of Georgia (NBG) issued 7-day refinancing loans in the amount of GEL 480mn with an average yield of 4.01% (0.0% w/w). NBG also sold 91-day, GEL 35mn Certificates of Deposits. The average yield was 4.34% (down by 5bps).

Last week, Ministry of Finance sold a total of GEL 10mn 5-year T-Notes at the auction held at NBG. Minimum yield was 9.700%, maximum yield was 10.000% and the weighted average yield was fixed at 9.890%. The coupon rate was 9.500%. Coupons will be paid semi-annually. Next treasury securities auction will be held on June 11, 2014, where GEL 15mn nominal value 2-year T-Notes will be sold.

Last week TBC Bank (TBCB LI) raised USD 240mn in IPO of Global Depositary Receipts (GDRs). The offer price was set at US\$13.00 per GDR, the market value of the company at the IPO price is about US\$640mn.

### Economy

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#### Annual inflation rate in Georgia was 2.4% in May

The most significant contributions to the annual CPI rate were: food and non-alcoholic beverages (+2.6% y/y), health (+5.8y/y) and alcoholic beverages and tobacco (+6.4% y/y). Monthly inflation rate in Georgia was -0.3% driven by food and non-alcoholic beverages (-0.15% m/m), health (+1.2%) and transport (+1.2%)

#### 1Q14 Georgia's Business sector

According to Geostat, total business sector turnover was GEL 10.0bn in 1Q14, while production value stood at GEL 5.0bn. Employment in Business sector was 495.7k people.

#### Joint International Monetary Fund (IMF) and World Bank (WB) mission visited Tbilisi

A joint International Monetary Fund (IMF) and World Bank (WB) mission visited Tbilisi during May 20 - June 3 to conduct an assessment under the Financial Sector Assessment Program (FSAP). The FSAP assessed financial sector strengths and vulnerabilities to systemic risks, reviewed the supervisory framework and the contingency arrangements, and measures to promote financial sector development. The mission met with Vice Prime Minister and Minister of Economy, Minister of Finance, Governor of the National Bank of Georgia (NBG) and other senior government officials and NBG staff as well as private sector representatives.

#### Georgian National currency depreciates against USD and EURO

According to the official exchange rate of the NBG, during the week GEL depreciated against USD and EURO. 1 US dollar equals to GEL1.7732 (+0.07% w/w) and 1 EUR reached to GEL 2.4170 (+0.22% w/w).

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