

# Weekly Market Watch

 Weekly Market Watch | Georgia  
 July 17, 2017

## Economy

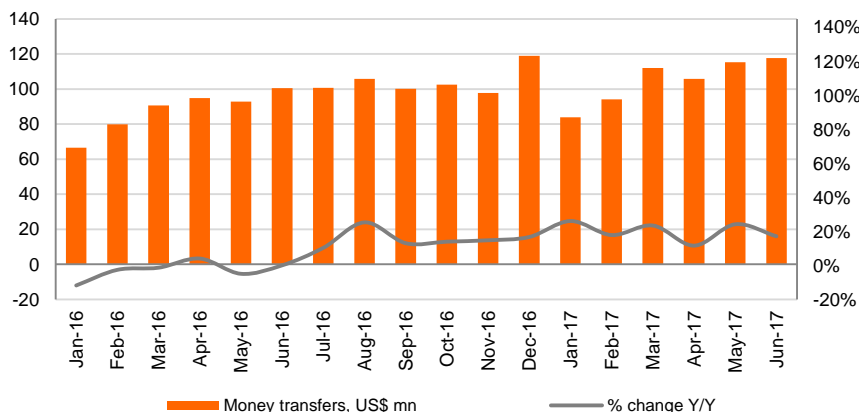
### Exports up 46.6% y/y in June 2017

In June 2017, exports increased 46.6% y/y to US\$ 246.1mn, imports were down 0.5% y/y to US\$ 638.9mn and the trade deficit narrowed 17.2% y/y to US\$ 392.7mn according to GeoStat's preliminary figures. In 1H17, trade deficit was down 0.8% y/y to US\$ 2.3bn as exports increased 31.8% y/y to 1.3bn, while imports were up 8.6% y/y to 3.6bn. Detailed foreign trade statistics will be available on July 19, 2017.

### Money transfers up 17.1% y/y in June 2017

In June 2017, money transfers increased 17.1% y/y to US\$ 117.7mn after growing 24.2% y/y in previous month, according to NBG. Money transfers were up from all major remitting countries: Russia (+10.3% y/y, 33.5% of total), USA (+14.5% y/y, 10.4% of total), Italy (+15.5% y/y, 10.0% of total), Greece (+4.1% y/y, 9.9% of total), Israel (+105.9% y/y, 8.9% of total) and Turkey (+22.2% y/y, 8.1% of total). In 1H17 money transfers were up 19.7% y/y to US\$ 629.0mn.

Money Transfers



Source: NBG

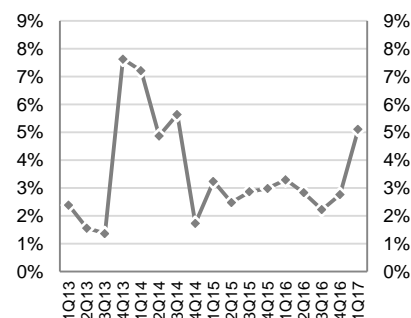
### Key macro indicators

	1H17	2016	2015
GDP (% change)	4.5% <sup>(1)</sup>	2.7%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US\$)	...	3,853	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	7.1%	1.8%	4.9%
Gross reserves (US\$ bn)	3.0	2.8	2.5
CAD (% of GDP)	...	13.5%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

Source: Official data, IMF

1) As of 5M17

### Real GDP growth, %



Source: GeoStat

### International ranking, 2017

Ease of Doing Business # 16 (Top 20)  
 Economic Freedom Index # 13 (mostly free)  
 Global Competitiveness Index # 59 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings

<b>STANDARD &amp; POOR'S</b>  <b>BB-</b> Stable Affirmed May-2017	<b>Moody's</b> INVESTORS SERVICE  <b>Ba3</b> Stable Affirmed Mar-2016	<b>FitchRatings</b>  <b>BB-</b> Stable Affirmed Mar-2017
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Source: Rating agencies

# Money market

**Refinancing loans:** National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,050mn (US\$ 438.6mn).

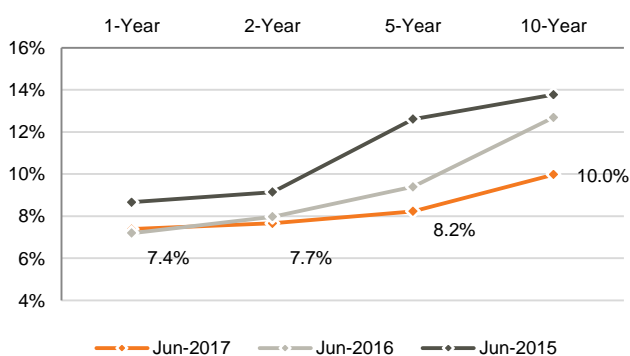
**Certificates of deposit:** NBG sold 91-day, GEL 20mn (US\$ 8.3mn) certificates of deposit, with an average yield of 7.11% (unchanged from previous issue).

**Ministry of Finance Treasury Bills:** 6-month GEL 20.0mn (US\$ 8.4mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on July 12, 2017. The weighted average yield was fixed at 7.192%.

## Ministry of Finance Treasury Notes:

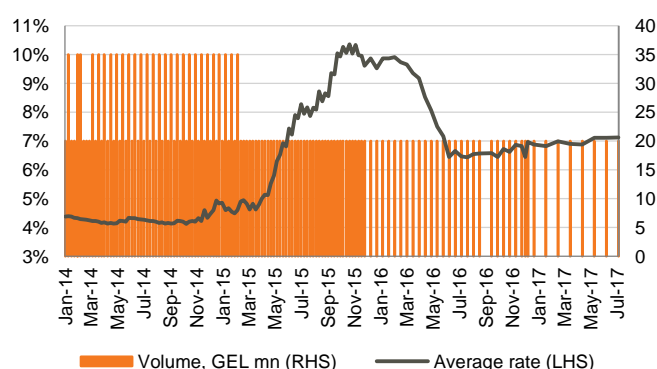
2-year GEL 45.0mn (US\$ 18.8mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on July 12, 2017. The weighted average yield was fixed at 7.659%. The nearest treasury security auction is scheduled for July 19, 2017, where GEL 50.0mn nominal value 1-year T-Bills will be sold.

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



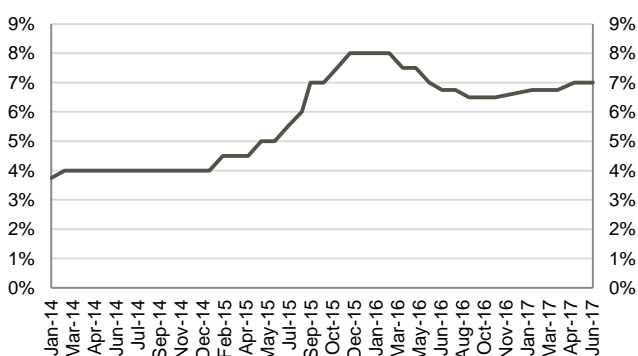
Source: NBG

**Certificates of Deposits (weighted average rate)**



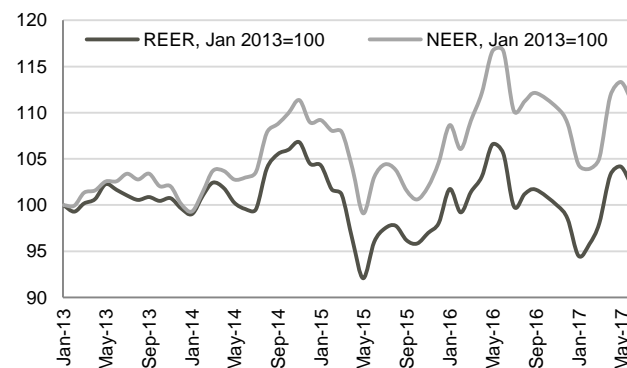
Source: NBG

**Monetary policy 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

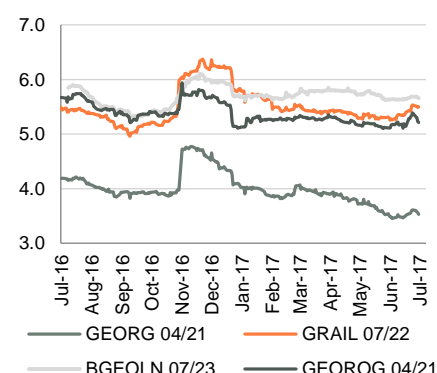


## Fixed income

**Corporate Eurobonds:** BGEO Group Eurobonds (BGEOLN) closed at 5.6% yield, trading at 101.9 (+0.3% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 99.8 (unchanged w/w), yielding 11.1%. GOGC Eurobonds (GEOROG) were trading at 105.2 (+0.5% w/w), yielding 5.2%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.7 (+0.3% w/w), yielding 5.5%.

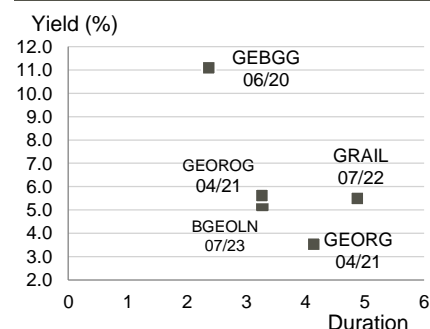
**Georgian Sovereign Eurobonds (GEORG)** closed at 111.6 (+0.2% w/w) at 3.5% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

	Local bonds			Eurobonds				
	GWP 12/21	M2RE 10/19	Nikora 03/18	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	5.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/	-/-	-/-	BB-/Ba3	BB-/B+	BB-/B1	BB-/BB-/Ba3	B+/B+
Mid price, US\$	n/a	101.5	97.0	99.8	105.2	101.9	111.6	109.7
Mid yield, %	n/a	6.75%	9.0%	11.1	5.2	5.6	3.5	5.5
Z-spread, bps	n/a	n/a	n/a	346.1	342.6	173.8	360.2	363.2

Source: Bloomberg

\*GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari

\*\*Coupon rate 3.5% over the NBG's refinancing rate

Eastern European sovereign 10-year bond performance

Issuer	Amount, US\$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba3	111.6	3.5	173.8
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	100.4	4.7	263.1
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	119.4	0.1	-179.3
Croatia	1,250	3.875%	30/05/2022	BB/BB/Baa2	110.8	1.6	127.5
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	112.6	2.8	98.9
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	115.9	3.0	111.5
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	105.9	2.8	109.5
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Baa1	106.1	3.8	205.6

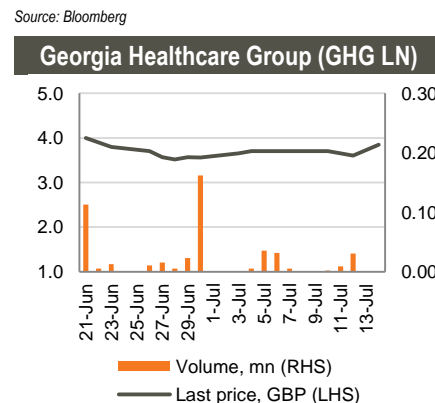
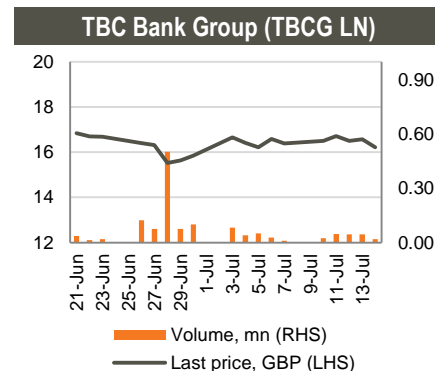
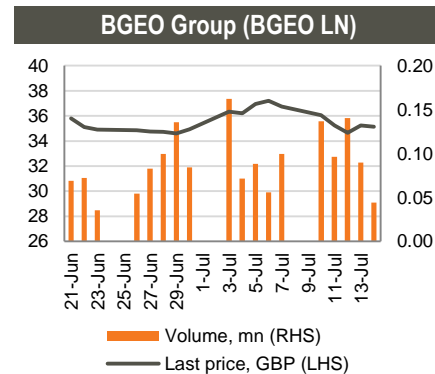
Source: Bloomberg

## Equities

**BGEO Group** (BGEO LN) shares closed at GBP 35.13/share (-4.38% w/w and -4.33% m/m). More than 507k shares traded in the range of GBP 34.21 – 36.94/share. Average daily traded volume was 94k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.04% w/w and lost 2.94% m/m. The volume of BGEO shares traded was at 1.28% of its capitalization.

**TBC Bank Group** (TBCG LN) closed the week at GBP 16.21 (-1.10% w/w and -7.00% m/m). More than 182 shares changed hands in the range of GBP 16.01 – 16.75/share. Averaged daily traded volume was 70k in the last 4 weeks.

**Georgia Healthcare Group** (GHG LN) shares closed at GBP 3.85/share (+4.05% w/w and +2.12% m/m). More than 41k shares were traded in the range of GBP 3.60 – 3.85/share. Average daily traded volume was 28k in the last 4 weeks. The volume of GHG shares traded was at 0.03% of its capitalization.



### Eastern European Banks

	Tick er	Share price, US\$	MCap US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
BGEO*	BGEO	45.29	1,785	-3.7%	4.2%	26.1%	18.1%	29.1%
TBC*	TBC	21.47	1,136	-7.7%	8.6%	15.6%	15.1%	69.1%**
Halyk Bank	HSBK	9.84	2,705	24.6%	35.5%	58.7%	64.3%	109.1%
KKB	KKB	0.75	299	15.4%	-33.0%	-46.4%	-48.1%	-52.8%
VTB Bank	VTBR	2.06	13,362	-6.4%	-5.5%	-9.2%	-13.6%	-2.2%
Vozrozhdenie Bank	VZRZ	12.26	291	-6.0%	-4.7%	-0.9%	0.2%	21.8%
Sberbank	SBER	10.87	58,636	1.2%	-2.1%	-4.3%	-6.1%	20.1%

Source: Bloomberg

\*BGEO and TBC are traded in GBP and are shown in US\$ equivalent

\*\* 1Y change in TBC share prices calculated using GDR price

### Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG*	GHG	4.69	618	4.3%	4.3%	10.6%	2.2%	15.7%
Mouwasat	MOUWASAT	41.70	2,085	5.2%	8.4%	18.0%	5.8%	19.6%
Fortis	FORH	2.49	1,293	-16.0%	-13.0%	-13.8%	-6.2%	4.8%
Raffles	RFMD	0.93	1,644	-6.5%	-11.6%	-10.5%	-6.0%	-19.0%
IHH	IHH	1.39	11,465	-2.4%	2.5%	-2.8%	-1.7%	-16.3%
Bangkok Chain	BCH	0.39	966	-2.3%	2.9%	-12.4%	-6.2%	8.0%
Netcare	NTC	1.81	2,649	-6.6%	1.7%	-21.6%	-21.9%	-17.8%

Source: Bloomberg

\*GHG is traded in GBP and is shown in US\$ equivalent

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