

Weekly Market Watch

Weekly Market Watch | Georgia
 March 20, 2017

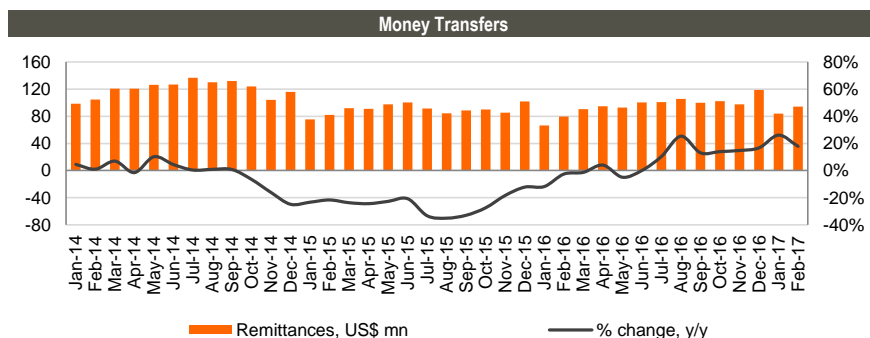
Economy

Exports up 12.7% y/y in February 2017

In February 2017, exports increased 12.7% y/y to US\$ 178.9mn, imports were up 13.7% y/y to US\$ 590.7mn and the trade deficit widened 14.2% y/y to US\$ 411.8mn according to GeoStat's preliminary figures. Detailed foreign trade statistics will be available on March 20, 2017.

Money transfers up 17.9% y/y in February 2017

In February 2017, money transfers increased 17.9% y/y to US\$ 94.1mn after growing 26.1% y/y in previous month, according to NBG. Money transfers were up from all major remitting countries: Russia (+21.1% y/y, 32.2% of total), USA (+15.6% y/y, 10.8% of total), Greece (+8.6% y/y, 10.7% of total), Italy (+2.0% y/y, 10.5% of total), and Turkey (+54.0% y/y, 8.1% of total). In 2M17 money transfers were up 21.6% y/y to US\$ 178.0mn.



Source: NBG

Key macro indicators

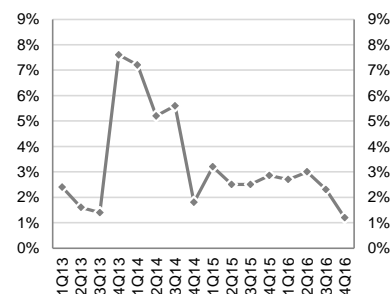
	2M17	2016E	2015
GDP (% change)	5.2% ⁽²⁾	2.2%	2.9%
GDP per capita (ppp)	9,630
GDP per capita (US\$)	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	5.5%	1.8%	4.9%
Gross reserves (US\$ bn)	2.8	2.8	2.5
CAD (% of GDP)	...	8.4% ⁽¹⁾	11.9%
Fiscal deficit (% of GDP)	...	4.0%	3.7%
Total public debt (% of GDP)	41.4%

Source: Official data, IMF, G&T

(1) As of 3Q16

(2) As of 1M17

Real GDP growth, %



Source: GeoStat

Note: Rapid estimate for 4Q16

International ranking of Georgia, 2016

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

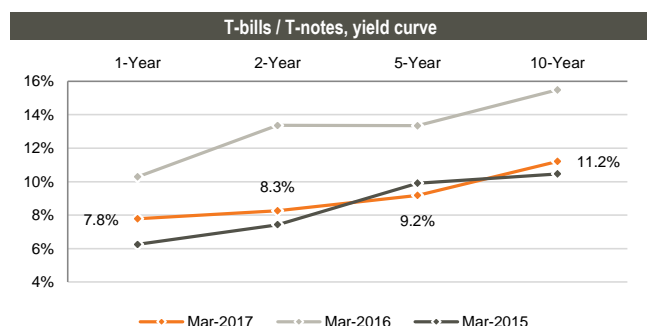
STANDARD & POOR'S BB- Stable Affirmed Nov-2016	Moody's INVESTORS SERVICE Ba3 Stable Affirmed Mar-2016	FitchRatings BB- Stable Affirmed Sep-2016
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Source: Rating agencies

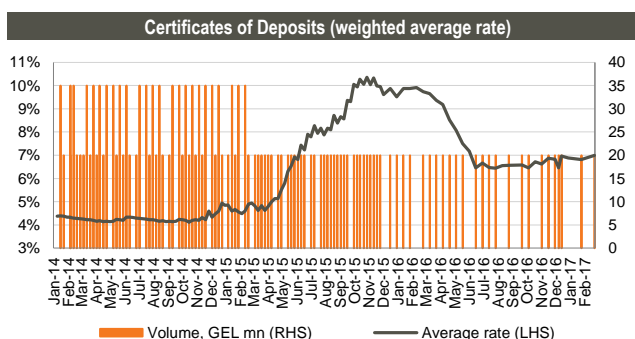
Money Market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,200mn (US\$ 481.7mn).

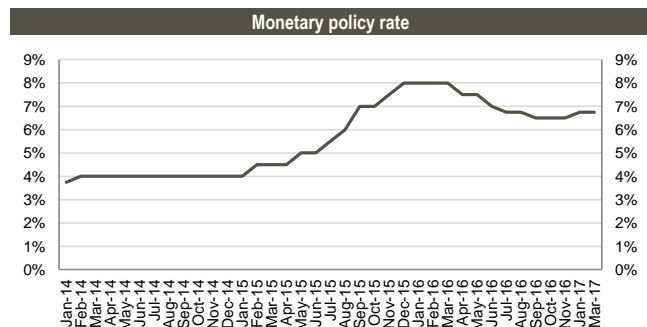
Ministry of Finance Treasury Securities: There was no treasury securities auction last week. The nearest treasury securities auction is scheduled for March 29, 2017, where GEL 20mn nominal value 5-year T-Notes will be sold.



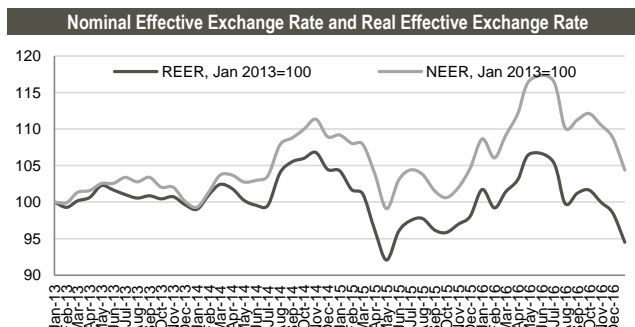
Source: NBG
*Note: As of latest auction



Source: NBG



Source: NBG
Note: Next revision of a monetary policy rate is scheduled for 2 May 2017



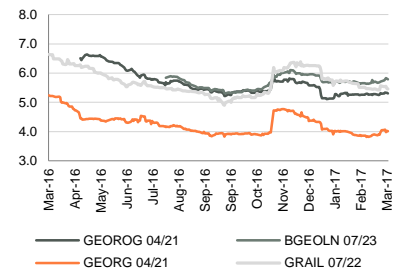
Source: NBG
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.8% yield, trading at 101.1 (-0.3% w/w). GOGC Eurobonds (GEOROG) were trading at 105.3 (-0.1% w/w), yielding 5.3%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 110.4 (+0.4% w/w), yielding 5.5%.

Georgian Sovereign Eurobonds (GEORG) closed at 110.6 (+0.1% w/w) at 4.0% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

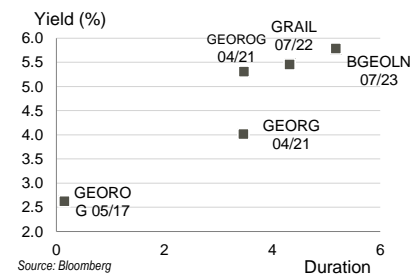
	Local bonds					Eurobonds				
	Nikora 03/18	GWP 12/21	M2RE 10/19	EVEX 05/17	GLC 09/17	GEOROG 04/21	GEOROG 05/17	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	5	30*	15	15	10	250	53	350	500	500
Issue date	Mar-16	Dec-16	May-15	May-15	Sep-14	Apr-16	May-12	Jul-16	Apr-11	Jul-12
Maturity date	Mar-18	Dec-21	May-17	May-17	Sep-17	Apr-21	May-17	Jul-23	Apr-21	Jul-22
Coupon, %	11.000	10.250**	9.500	9.500	8.750	6.750	6.875	6.000	6.875	7.750
Fitch/S&P/Moody's	-/-	BB-/	-/-	-/-	-/-	BB-/B+	BB-/B+	BB-/B1	BB-/BB-/Ba3	B+/B+
Mid price, US\$	101.9	n/a	101.7	101.2	100.8	105.3	100.6	101.1	110.6	110.4
Mid yield, %	9.0	n/a	6.8	2.8	7.3	5.3	2.6	5.8	4.0	5.5
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	331.0	146.0	357.2	202.0	333.8

Source: Bloomberg

*GWP 12/21 bonds are in Georgian lari

**Coupon rate with 7.5% over the NBG's refinancing rate

Georgia Eurobonds, YTM (%)



Source: Bloomberg

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	4/12/2021	BB-/BB-/Ba3	110.6	4.0	202.0
Azerbaijan	1,250	4.750	3/18/2024	BB+/-/Ba1	100.1	4.7	246.7
Bulgaria	323	5.000	7/19/2021	BBB-/	119.7	0.4	-225.7
Croatia	1,250	3.875	5/30/2022	BB/BB/Ba2	109.3	2.0	170.7
Hungary	3,000	6.375	3/29/2021	BBB-/BBB-/Baa3	111.9	3.2	121.3
Romania	2,250	6.750	2/7/2022	BBB-/BBB-/Baa3	115.3	3.3	124.5
Russia	3,500	5.000	4/29/2020	BBB-/BB+/Ba1	106.6	2.8	88.8
Turkey	2,000	5.625	3/30/2021	BB+/NR/Ba1	104.0	4.5	254.3

Source: Bloomberg

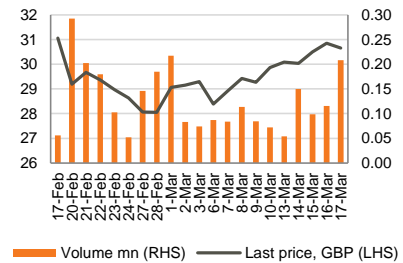
Equities

BGEO Group (BGEO LN) shares closed at GBP 30.66/share (+2.64% w/w and -1.29% m/m). More than 624k shares traded in the range of GBP 29.55 – 31.08/share. Average daily traded volume was 130k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.50% w/w and gained 1.86% m/m, respectively. The volume of BGEO shares traded was at 1.58% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 14.97 (+6.32% w/w and +6.02% m/m). More than 331k shares changed hands in the range of GBP 14.00 – 15.25/share. Average daily traded volume was 62k in the last 4 weeks

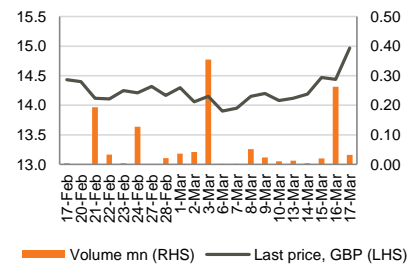
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.52/share (-2.08% w/w and -0.77% m/m). More than 76k shares were traded in the range of GBP 3.51 – 3.61/share. Average daily traded volume was 21k in the last 4 weeks. The volume of GHG shares traded was at 0.06% of its capitalization.

BGEO Group (BGEO LN)



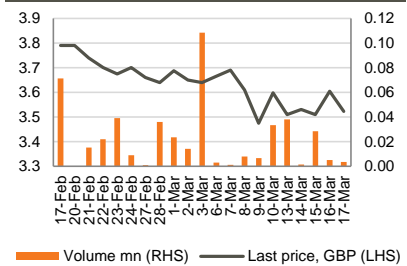
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

Eastern European banks

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
BGEO*	BGEO	37.95	1,499	-1.3%	-2.1%	3.5%	2.7%	58.6%
TBC*	TBC	18.53	967	3.7%	-3.0%	33.1%	3.1%	N/A
Halyk Bank	HSBK	7.14	1,963	6.6%	14.2%	21.0%	19.2%	78.5%
KKB	KKB	1.44	572	-4.3%	7.9%	-9.7%	-0.7%	43.5%
VTB Bank	VTBR	2.25	14,555	-2.7%	-3.5%	0.9%	-5.9%	1.0%
Vozrozhdenie	VZRZ	12.84	305	-2.6%	4.5%	7.4%	-1.3%	41.2%
Sberbank	SBER	2.80	60,381	-2.6%	-7.3%	9.6%	-7.0%	47.2%

Source: Bloomberg

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

Healthcare sector peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG*	GHG	4.36	574	-7.1%	-5.6%	14.8%	-1.4%	116.1%
Mouwasat	MOUWASAT	37.67	1,883	-3.3%	-5.1%	11.8%	-4.4%	18.2%
Fortis	FORH	2.80	1,452	-6.1%	0.1%	4.9%	1.4%	2.0%
Raffles	RFMD	1.01	1,766	-4.4%	-1.7%	-8.1%	-1.0%	-3.5%
IHH	IHH	1.35	11,093	-3.5%	-6.3%	-9.4%	-5.8%	-7.7%
Bangkok Chain	BCH	0.38	937	-7.7%	-8.4%	11.0%	-11.5%	22.4%
Netcare	NTC	2.42	3,540	-5.2%	0.0%	-3.8%	-3.3%	-9.1%

Source: Bloomberg

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

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