

Weekly Market Watch

Weekly Market Watch | Georgia
Aug 20, 2018

Economy

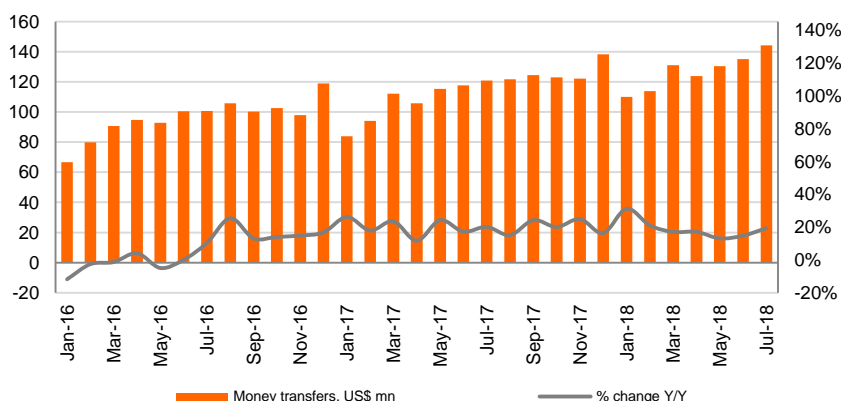
Exports up 30.7% y/y in July 2018

In July 2018, exports increased 30.7% y/y to US\$ 277.9mn, imports grew by 21.8% y/y to US\$ 781.9mn and the trade deficit widened 17.4% y/y to US\$ 504.0mn, according to GeoStat's preliminary figures. In 7M18, trade deficit was up 19.8% to US\$ 3.3bn as exports increased by 28.7% y/y to US\$ 1.9bn and imports were up 22.9% y/y to US\$ 5.2bn. Detailed foreign trade statistics will be available on August 20, 2018.

Money transfers up 19.3% y/y in July 2018

In July 2018, money transfers increased 19.3% y/y to US\$ 144.2mn, after growing 14.8% y/y in the previous month, according to NBG. From major remitting countries, money transfers were up from Italy (+35.4% y/y, 11.3% of total), Greece (+40.5% y/y, 10.4% of total), USA (+17.4% y/y, 10.4% of total), Israel (+28.0% y/y, 9.3% of total) and Turkey (+9.1% y/y, 7.0% of total), while remittances were almost flat from Russia (-0.2% y/y, 29.8% of total). Overall, in 7M18 money transfers were up 18.5% y/y to US\$ 888.4mn.

Money transfers



Source: NBG

Key macro indicators

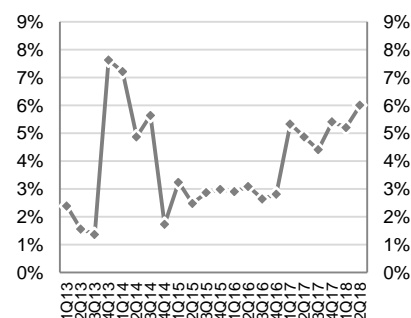
	7M18	2017	2016
GDP (% change)	5.7% ⁽¹⁾	5.0%	2.8%
GDP per capita (ppp)	...	10,747	10,053
GDP per capita (US\$)	...	4,068	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.8%	6.7%	1.8%
Gross reserves (US\$ bn)	2.9	3.0	2.8
CAD (% of GDP)	11.6% ⁽²⁾	8.9	13.2%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.6%	44.4%

Source: Official data, IMF

1) As of 1H18

2) As of 1Q18

Real GDP growth, %



Source: GeoStat

International ranking, 2017-18

Ease of Doing Business # 9 (Top 10)

Economic Freedom Index # 16 (mostly free)

Global Competitiveness Index # 67

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

STANDARD & POOR'S BB- Stable Affirmed May-2017	Moody's INVESTORS SERVICE Ba2 Stable Upgraded Sep-2017	FitchRatings BB- Positive Affirmed Mar-2018
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Source: Rating agencies



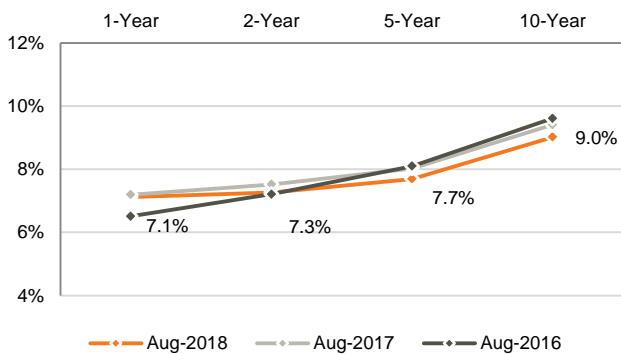
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 900mn (US\$ 345.2mn).

Ministry of Finance Benchmark Bonds:

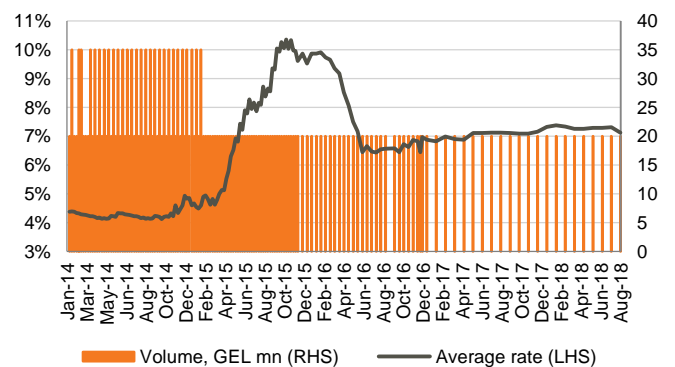
The nearest treasury security auction is scheduled for August 22, 2018, where GEL 30mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes, yield curve



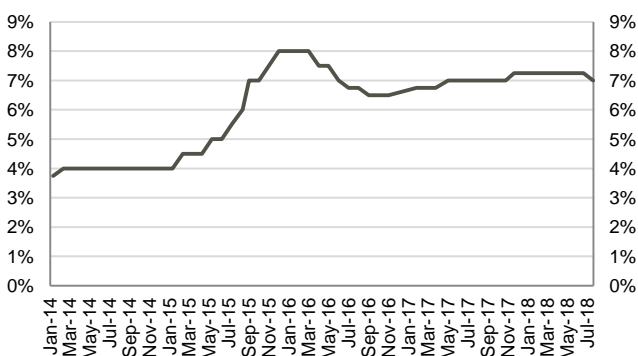
Source: NBG

Certificates of Deposits (weighted average rate)



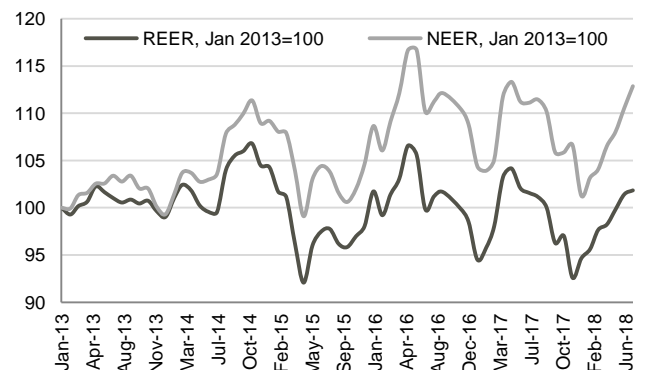
Source: NBG

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

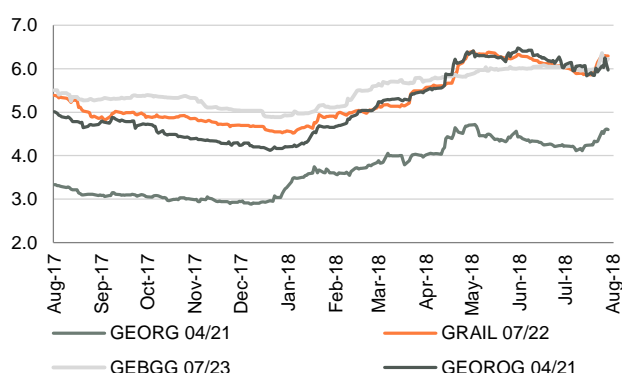
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.2% yield, trading at 99.0 (-0.9% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 93.1 (-0.9% w/w), yielding 7.7%.

GOGC Eurobonds (GEOROG) were trading at 101.9 (-0.1% w/w), yielding 6.0%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.1 (-0.4% w/w), yielding 6.2%.

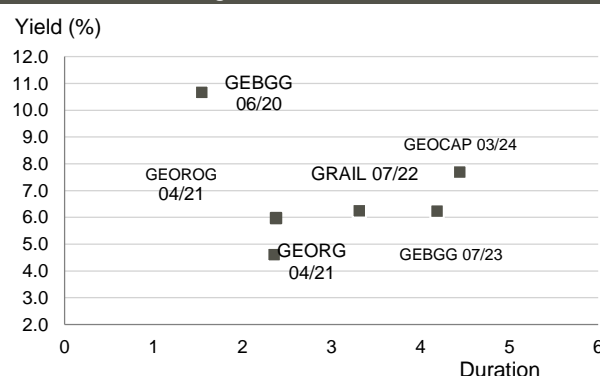
Georgian Sovereign Eurobonds (GEORG) closed at 105.6 (-0.7% w/w) at 4.6% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

Georgia bonds performance

Georgia Eurobonds 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-/Ba2	105.59	4.60	176.29
GRAIL 07/22	500	7.750%	18/07/2022	B+/B+/-	105.14	6.24	337.12
GEOROG 04/21	250	6.750%	18/04/2021	BB-/B+/-	101.90	5.97	313.13
GEBGG 06/20	500*	11.000%	18/06/2020	BB-/B+/-	100.50	10.66	n/a
GEBGG 07/23	350	6.000%	18/07/2023	BB-/B+/-	99.03	6.23	335.50
GEOCAP 03/24	300	6.125%	18/03/2024	-/B+/B2	93.06	7.68	480.48

Georgia local bonds performance

GWP 12/21	30*	10.50%**	06/12/2021	BB****/-/-	n/a	n/a	n/a
M2RE 10/19	25	7.500%	07/10/2019	B+/-/-	102.30	5.50	n/a
GLC 08/20	10	7.000%	29/08/2020	-/-/-	101.95	6.00	n/a
GLC 06/21	5	6.500%	22/06/2021	-/-/-	n/a	n/a	n/a
Nikora 06/19	10	9.000%	28/06/2019	-/-/-	n/a	n/a	n/a
Silknet 08/22	34*	10.50%**	18/08/2022	B+****/-/-	n/a	n/a	n/a
Crystal 12/19	10*	11.50%***	28/12/2019	B/-/-	101.05	11.25	n/a

Source: Bloomberg

*GEBGG 06/20 bonds, GWP 12/21 bonds, Silknet 08/22 and Crystal 12/19 bonds are in Georgian Lari

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

***Coupon rate 4.5% over the NBG's refinancing rate

****Company ratings

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-/Ba2	105.6	4.6	176.3
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	98.2	5.1	224.8
Bulgaria	323	5.000%	19/07/2021	BBB-/B2	114.5	0.0	-31.3
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	111.5	0.8	69.4
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	107.1	3.5	68.3
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	109.4	3.8	95.0
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	101.9	3.8	107.2
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	92.7	8.8	599.7

Source: Bloomberg

Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 17.36/share (+1.65% w/w and -7.96% m/m). More than 409k shares traded in the range of GBP 15.70 – 17.75/share. Average daily traded volume was 57k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 1.10% w/w and lost 2.06% m/m. The volume of BGEO shares traded was at 0.83% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 10.39/share (+2.86% w/w and +0.83% m/m). More than 536k shares traded in the range of GBP 9.76 – 10.49/share. Average daily traded volume was 104k in the last 4 weeks. The volume of CGEO shares traded was at 1.40% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.04 (-2.79% w/w and -6.96% m/m). More than 99k shares changed hands in the range of GBP 15.08 – 16.82/share. Average daily traded volume was 20k in the last 4 weeks. The volume of TBCG shares traded was at 0.18% of its capitalization.

Georgia Healthcare Group (GHG LN) shares closed at GBP 2.55/share (-4.32% w/w and -3.41% m/m). More than 51k shares were traded in the range of GBP 2.50 – 2.66/share. Average daily traded volume was 31k in the last 4 weeks. The volume of GHG shares traded was at 0.04% of its capitalization.

Eastern European Banks

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Bank of Georgia	BGEO	17.362*	1,087	-8.1%	-25.5%	-22.8%	-27.8%	-24.5%
TBC	TBC	16.04*	1,108	-7.0%	-8.9%	-3.4%	-8.3%	1.2%
Halyk Bank	HSBK	10.70	2,941	-8.2%	-17.4%	-17.7%	8.3%	3.4%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	0.0%
VTB Bank	VTBR	1.33	8,638	-14.6%	-24.0%	-27.4%	-27.2%	-33.7%
Vozrozhdenie	VZRZ	6.16	146	0.6%	17.1%	-27.1%	-29.2%	-37.5%
Sberbank	SBER	11.48	61,955	-21.1%	-24.2%	-42.7%	-32.2%	-7.2%

Source: Bloomberg

*BGEO and TBC share prices traded and shown in GBP

Investment Management Company Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Georgia Capital	CGEO	10.46*	511	1.6%	N/A	N/A	N/A	N/A
Creades	CREDA	29.48	242	-2.6%	-8.3%	-29.3%	-19.1%	-11.9%
CIE du Bois	COMB	461.04	777	-0.8%	0.7%	-2.7%	7.2%	20.8%
Tinc Comm	TINC	13.92	380	-1.7%	-2.5%	-11.2%	-7.8%	-3.1%
Edify	EDIFY	69.04	336	-2.9%	-7.2%	-9.8%	0.7%	11.8%

Source: Bloomberg

*CGEO share price traded and shown in GBP

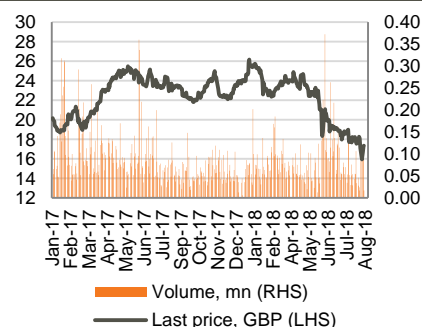
Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG	2.55*	428	-3.4%	-10.7%	-23.9%	-28.2%	-26.6%
Mouwasat	MOUWASAT	23.46	2,346	-10.2%	-3.9%	-2.1%	16.2%	11.9%
Fortis	FORH	2.14	1,112	3.1%	-4.0%	0.4%	-14.7%	-9.2%
Raffles	RFMD	0.78	1,400	-1.5%	-4.1%	-6.2%	-7.0%	-4.1%
IHH	IHH	1.33	11,006	-10.2%	-13.4%	-14.0%	-7.5%	-4.9%
Bangkok Chain	BCH	0.54	1,344	14.4%	4.1%	1.6%	8.4%	27.1%
Netcare	NTC	1.83	2,690	-11.6%	-22.1%	-18.4%	-9.9%	-4.9%

Source: Bloomberg

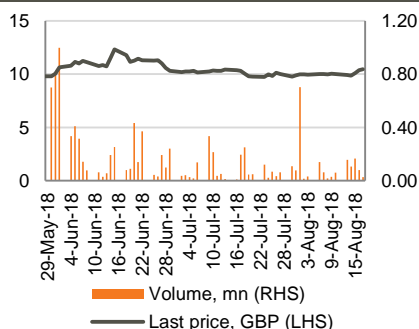
*GHG share price traded and shown in GBP

Bank of Georgia Group (BGEO LN)



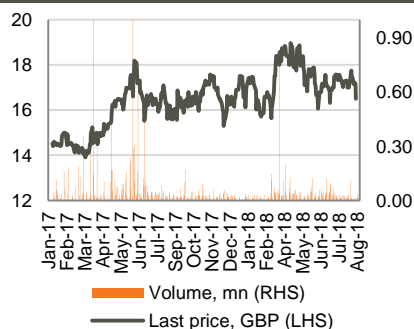
Source: Bloomberg

Georgia Capital (CGEO LN)



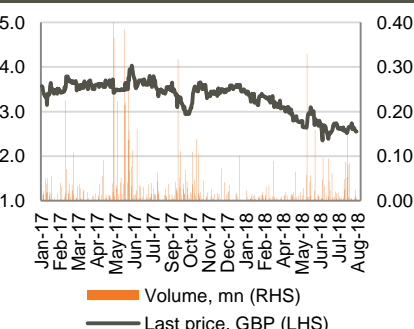
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

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