

Weekly Market Watch

 Weekly Market Watch | Georgia
 April 26, 2021

Economy

Exports up by 30.6% y/y in March 2021

In March 2021, exports surged by 30.8% y/y to US\$ 325.9mn after a 2.9% growth in previous month. Imports also increased by 17.8% y/y to US\$ 768.4mn, recording growth for the first time since March 2020. As a result, trade deficit widened by 9.9% y/y to US\$ 442.4mn.

In March 2021, copper (-8.3% y/y), cars (+29.1% y/y), ferro-alloys (+99.4% y/y), wine (+12.8% y/y) and spirits (+41.5% y/y) were the top 5 exported commodities. A 16.9% of exports were directed to the EU (-19.7% y/y), 43.2% to the CIS (+31.7% y/y) and 39.9% to other countries (+75.9% y/y).

Copper (+142.2% y/y), petroleum (+30.7% y/y), cars (-17.2% y/y), gases (+224.8% y/y) and pharmaceuticals (+1.5% y/y), represented the top 5 imported commodities in March 2021.

Overall, in 1Q21, trade deficit was down 7.3% y/y to US\$ 1.1bn as exports increased by 5.2% y/y to US\$ 821mn and imports decreased by 2.4% y/y to US\$ 2.0bn.

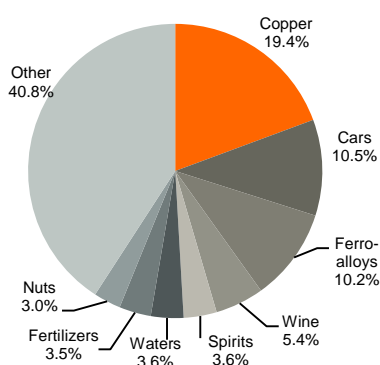
Producer price index up 15.5% y/y in March 2021

Annual PPI for industrial goods retreated to 15.5% in March 2021 from 16.9% in previous month, according to Geostat. Price changes in manufacturing (+15.5% y/y) and electricity, gas, steam and air conditioning (+14.1% y/y) contributed the most to the overall index change.

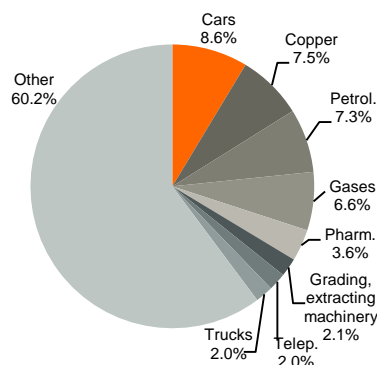
NBG sold US\$ 30.0mn

On 22 April 2021, the NBG intervened on the FX market and sold US\$ 30.0mn to limit GEL's depreciation. This was 7th FX intervention YTD for a total sale of US\$ 242.9mn through FX auctions.

Exports by commodities, 1Q21



Imports by commodities, 1Q21



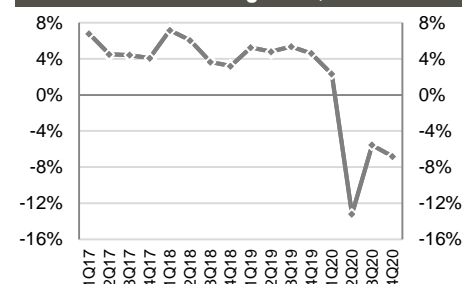
Source: Geostat

Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.3%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

Ease of Doing Business # 7 (Top 10)

Economic Freedom Index # 12 (mostly free)

Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

STANDARD & POOR'S BB Negative Affirmed Feb-2021	Moody's INVESTORS SERVICE Ba2 Stable Affirmed Aug-2020	FitchRatings BB Negative Affirmed Feb-2021
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Source: Rating agencies

Money market

Ministry of Finance Benchmark Bonds: 10-year GEL 18.75mn (US\$ 5.5mn)
 Benchmark bonds were sold at the auction held at NBG on April 20, 2021. The weighted average yield was fixed at 8.60%, up by 0.06ppts from previous auction held in January, 2021. The nearest treasury security auction is scheduled for April 27, 2021, where GEL 35.0mn nominal value 5-year Benchmark Bonds will be sold.

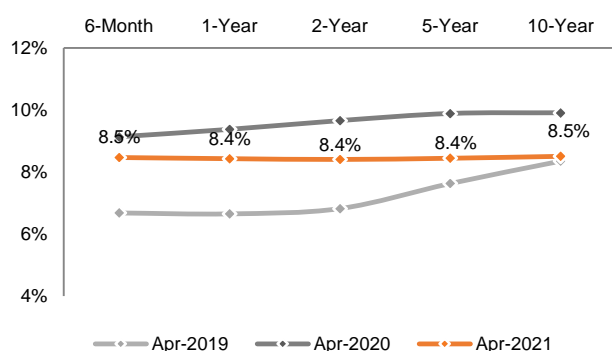
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	45	120	90
1-year	45	120	540
2-year	60	160	1,270
5-year	113	315	2,373
10-year	44	56	1,262
Total	307	771	5,535

Source: MoF

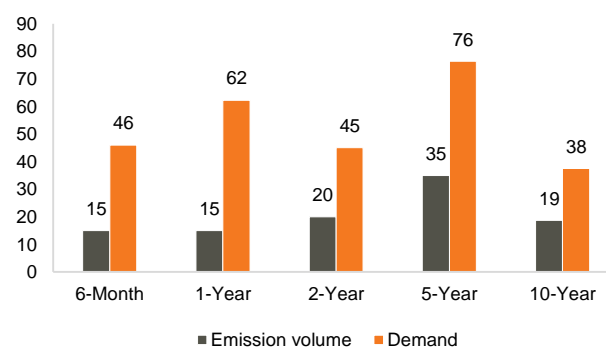
Note: * As of 31 March 2021

T-bills / T-notes, yield curve



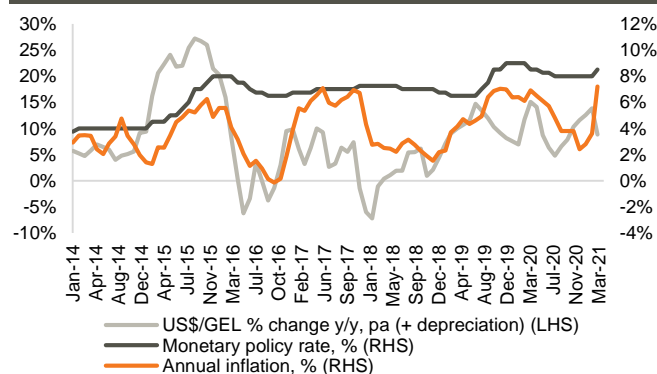
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



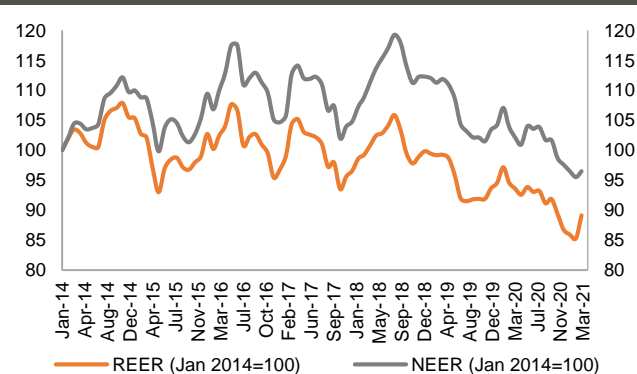
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

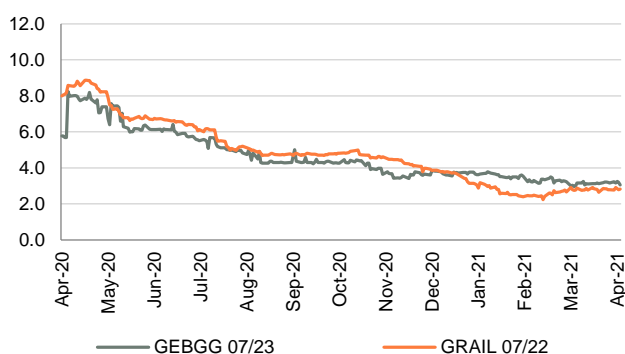
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.06% yield, trading at 106.33 (+0.16% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.32 (-0.19% w/w), yielding 5.62%.

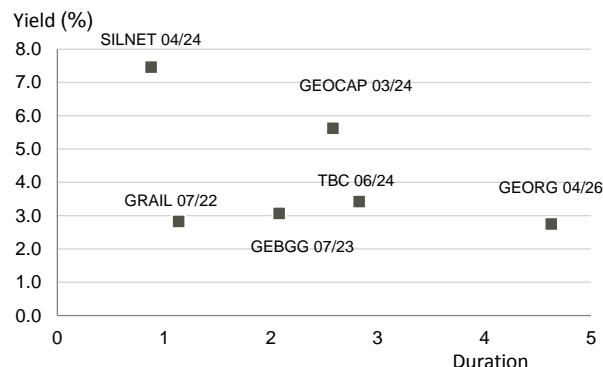
Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.79 (-0.13% w/w), yielding 2.82%.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

Note: For Silknet duration calculation call date is taken as maturity.

Georgian bonds performance

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/-	100.03	2.74	185.20
GRAIL 07/22	USD	500	7.750%	Jul-22	BB-/B+/-	105.79	2.82	261.19
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B+/-	106.33	3.06	274.28
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B1	108.63	9.20	750.16
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	101.32	5.62	518.77
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.17	7.46	629.78
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B+/-	106.89	3.42	293.28
TBC PERP	USD	125	10.775%	n/a	B-/B1	108.24	9.44	744.66
GGU 07/25	USD	250	7.750%	Jul-25	B+/B-	104.86	6.42	557.24

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B+/-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 06/21	USD	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	USD	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/-B+	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/-/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/-BB-	n/a	n/a	n/a
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/-B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/-BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B1	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/-BB	n/a	n/a	n/a

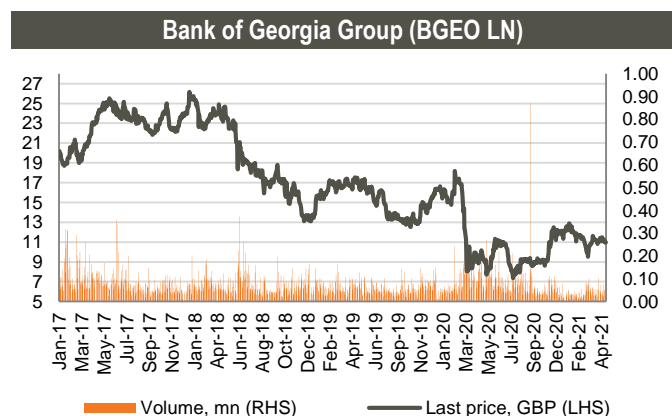
Source: Bloomberg

Equities

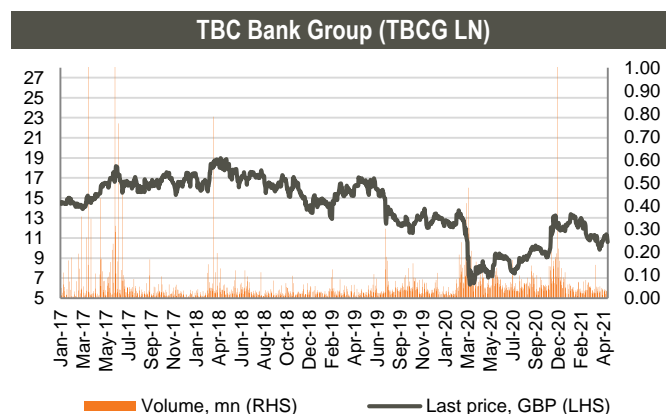
Bank of Georgia Group (BGEO LN) shares closed at GBP 10.98/share (-0.90% w/w and -2.31% m/m). More than 174k shares traded in the range of GBP 10.82 - 11.20/share. Average daily traded volume was 43k in the last 4 weeks. The volume of BGEO shares traded was at 0.35% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 5.65/share (-3.75% w/w and +0.53% m/m). More than 155k shares traded in the range of GBP 5.60 - 5.89/share. Average daily traded volume was 41k in the last 4 weeks. The volume of CGEO shares traded was at 0.32% of its capitalization.

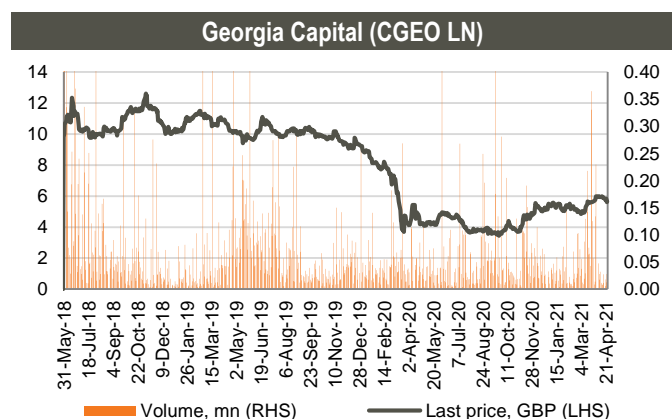
TBC Bank Group (TBCG LN) closed the week at GBP 10.60/share (-5.53% w/w and -2.93% m/m). More than 171k shares changed hands in the range of GBP 10.56 - 11.48/share. Average daily traded volume was 33k in the last 4 weeks. The volume of TBCG shares traded was at 0.31% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Equities, continued

Eastern European banks

								P/E		P/B	
	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	10.98	540	19.3%	17.9%	-10.0%	8.03x	4.64x	0.97x	0.79x
TBC	TBC	GBP	10.60	585	9.7%	34.7%	-15.2%	6.37x	4.94x	0.89x	0.79x
Sberbank	SBER	USD	15.56	83,946	38.7%	51.2%	7.1%	8.45x	6.64x	1.29x	1.19x
Halyk Bank	HSBK	USD	14.12	4,149	40.5%	66.5%	21.2%	5.67x	4.90x	1.15x	1.08x
VTB Bank	VTBR	USD	1.32	8,554	52.9%	43.2%	38.3%	8.85x	3.53x	0.46x	0.44x
Akbank	AKBNK	TRY	4.87	25,324	-3.8%	-14.3%	-29.7%	3.76x	3.13x	0.37x	0.35x
Garanti	GARAN	TRY	7.07	29,694	0.0%	-12.4%	-31.8%	3.93x	3.24x	0.42x	0.40x
Isbank	ISCTR	TRY	4.86	21,870	-9.8%	1.5%	-30.6%	2.90x	2.64x	0.29x	0.28x
PKO	PKO	PLN	32.70	40,875	55.9%	53.8%	13.9%	14.23x	11.09x	0.91x	0.90x
PEKAO	PEO	PLN	75.98	19,942	58.3%	51.1%	24.4%	16.56x	12.84x	0.79x	0.76x
Millennium	MIL	PLN	3.77	4,576	56.4%	35.2%	15.4%	64.61x	6.01x	0.50x	0.58x
Mbank	MBK	PLN	212.00	8,982	43.0%	-3.2%	18.3%	36.21x	17.19x	0.53x	0.54x
BRD	BRD	RON	15.50	10,802	25.8%	35.0%	4.3%	13.44x	10.62x	1.19x	1.43x
Banca Transilvania	TLV	RON	2.43	13,943	20.6%	38.5%	8.0%	14.40x	8.60x	1.52x	1.28x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	10.20x	0.70x	0.64x
Komerční	KOMB	CZK	642.00	122,012	34.6%	23.7%	-2.3%	15.28x	13.39x	1.08x	1.03x
Mean								14.70x	7.73x	0.82x	0.78x
Median								10.68x	6.33x	0.84x	0.77x

Source: Bloomberg, S&P Capital IQ

Investment management companies

								P/E		P/B	
	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	5.65	271	43.6%	35.0%	4.6%	na	na	na	na
Tinc Comm	TINC	EUR	12.44	452	-6.8%	-4.7%	-3.9%	na	na	na	na
Sabanci Holding	SAHOL	TRY	7.88	16,078	-6.2%	3.7%	-31.2%	2.98x	2.86x	0.39x	0.34x
Deutsche Beteiligungs	DBAN	EUR	34.10	513	16.1%	23.0%	9.5%	na	6.81x	1.19x	1.08x
Eurazeo	RF	EUR	69.00	5,452	58.5%	61.7%	24.3%	33.13x	9.50x	0.99x	0.87x
Carlyle Group	CG	USD	41.35	14,662	50.6%	86.3%	31.5%	22.28x	17.88x	6.83x	5.19x
Mean								19.46x	9.26x	2.35x	1.87x
Median								22.28x	8.15x	1.09x	0.98x

Source: Bloomberg, S&P Capital IQ

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Galt & Taggart

Address: 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: gt@gt.ge