

Regional Fixed Income Market Watch

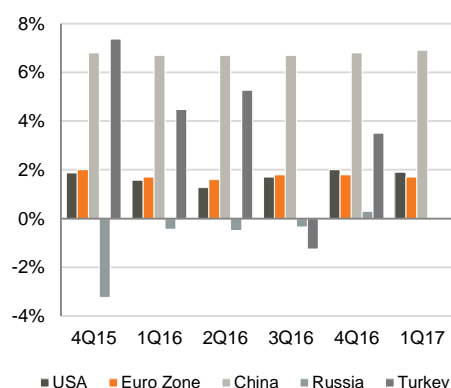
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
 Monthly Bulletin
 May 4, 2017

Highlights

- GDP growth in the USA in 1Q17 came in at annualized 0.7% q/q, well below expectations, while growth in the Eurozone was at 1.7% y/y, in line with estimates. Meanwhile, growth in China, at 6.9% y/y, slightly exceeded analyst estimates.
- Inflation in the USA came in at 2.4% y/y in March 2017, slightly below expectations, while Eurozone inflation was at 1.2% y/y in April 2017, above consensus forecasts.
- Central Bank policy rate was lowered in Belarus (from 15.0% to 14.0%), Ukraine (from 14.0% to 13.0%), and Russia (from 9.75% to 9.25%) in April 2017.
- According to short-term rapid estimates, economic growth in March 2017 came in at 6.8% y/y in Armenia and Kazakhstan and at 5.3% y/y in Georgia. 1Q17 GDP was up 0.3% y/y in Belarus and down 0.9% y/y in Azerbaijan.
- In March 2017 inflation accelerated in Azerbaijan (to 14.4% y/y), Turkey (to 11.3% y/y), and Ukraine (to 15.1% y/y). Inflation slowed in Belarus (to 6.4% y/y), Russia (to 4.3% y/y), Kazakhstan (to 7.7% y/y), and Georgia (to 5.4% y/y), while prices in Armenia were down 0.1% y/y in March 2017.

GDP growth rate, y/y



Source: Central banks, Statistics Offices, Bloomberg

Key macro indicators

	GDP, % change			GDP, US\$ bn			GDP per capita, US\$			Inflation, period average			Fiscal balance, % of GDP			Current account balance, % of GDP		
	2016E	2017F	2018F	2016E	2017F	2018F	2016E	2017F	2018F	2016E	2017F	2018F	2016E	2017F	2018F	2016E	2017F	2018F
Armenia	0.2%	2.9%	2.9%	10.5	10.7	11.2	3,511	3,591	3,749	-1.4%	2.0%	3.5%	-5.6%	-3.8%	-2.4%	-2.9%	-3.2%	-2.9%
Azerbaijan	-3.8%	-1.0%	2.0%	37.6	38.6	42.0	3,956	4,032	4,351	12.4%	10.0%	8.0%	-1.4%	-10.4%	2.9%	-3.8%	1.3%	3.8%
Belarus	-3.0%	-0.8%	0.6%	48.8	54.7	56.6	5,143	5,787	6,019	11.8%	9.3%	8.7%	-4.6%	-8.2%	-7.7%	-4.3%	-4.7%	-5.0%
Georgia	2.7%	3.5%	4.0%	14.2	13.7	14.9	3,842	3,715	4,021	2.1%	5.7%	2.4%	-1.6%	-1.4%	-1.8%	-12.4%	-12.9%	-12.5%
Kazakhstan	1.1%	2.5%	3.4%	133.8	157.9	173.9	7,453	8,667	9,403	14.6%	8.0%	7.2%	-4.4%	-6.3%	-2.1%	-6.1%	-4.0%	-2.8%
Ukraine	2.3%	2.0%	3.2%	93.3	95.9	102.3	2,194	2,262	2,417	13.9%	11.5%	9.5%	-2.2%	-3.0%	-2.5%	-3.6%	-3.6%	-2.9%
Russia	-0.2%	1.4%	1.4%	1,280.7	1,560.7	1,611.5	8,929	10,885	11,248	7.0%	4.5%	4.2%	-3.7%	-2.6%	-1.9%	1.7%	3.3%	3.5%
Turkey	2.9%	2.5%	3.3%	857.4	793.7	828.0	10,743	9,826	10,151	7.8%	10.1%	9.1%	-2.3%	-3.0%	-2.0%	-3.8%	-4.7%	-4.6%

Source: IMF

Sovereign credit ratings

	Fitch			Moody's			S&P		
	LC	FC	Outlook	LC	FC	Outlook	LC	FC	Outlook
Armenia	B+	B+	stable	B1	B1	stable	NA	NA	NA
Azerbaijan	BB+	BB+	negative	Ba1	Ba1	negative	BB+	BB+	negative
Belarus	B-	B-	stable	Caa1	Caa1	stable	B-	B-	stable
Georgia	BB-	BB-	stable	Ba3	Ba3	stable	BB-	BB-	stable
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	negative	BBB-	BBB-	negative
Ukraine	B-	B-	stable	Caa3	Caa3	stable	B-	B-	stable
Russia	BBB-	BBB-	stable	Ba1	Ba1	stable	BBB-	BB+	positive
Turkey	BBB-	BB+	stable	Ba1	Ba1	negative	BB+	BB	negative

Source: Fitch Ratings, S&P Global, Moody's

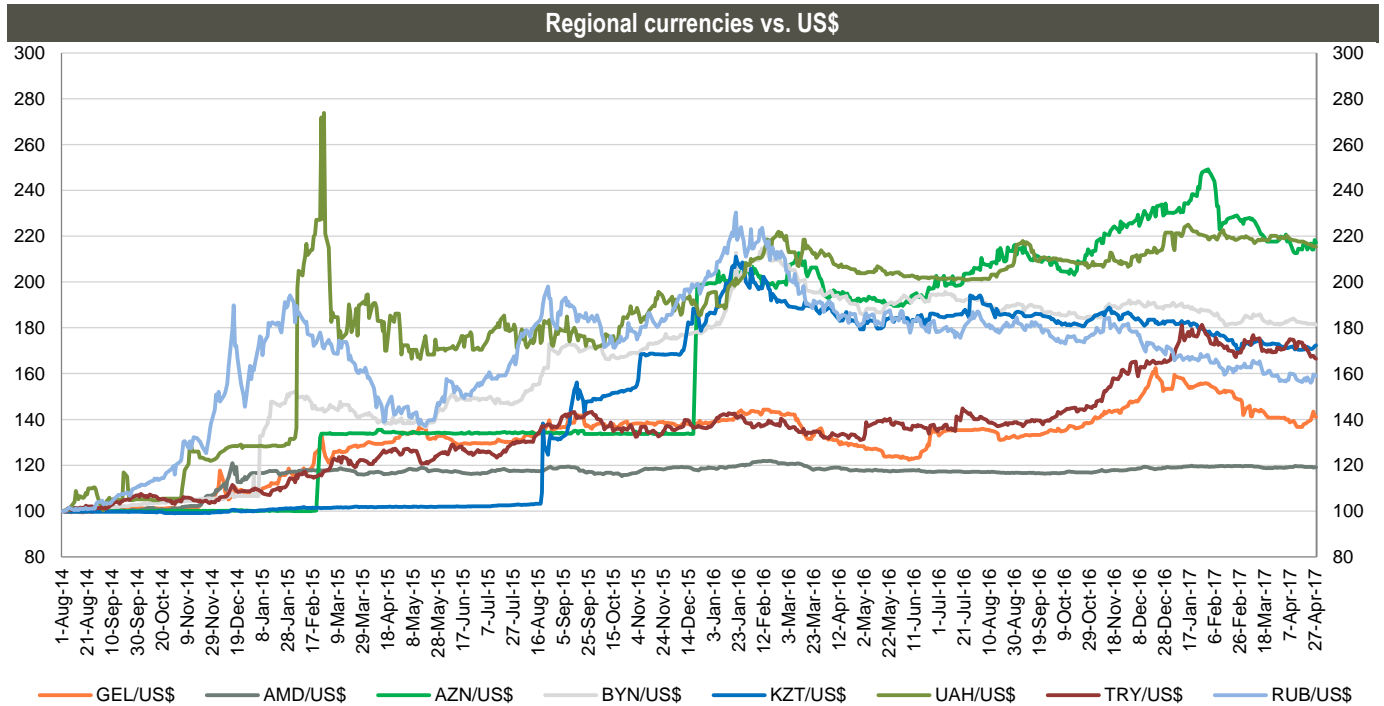
Monetary stance

	Inflation, y/y	MPR
	Mar-17	Apr-17
Armenia	-0.1%	6.00%
Azerbaijan	14.4%	15.00%
Belarus	6.4%	14.00%
Georgia	5.4%	6.75%
Kazakhstan	7.7%	11.00%
Ukraine	15.1%	13.00%
Russia	4.3%	9.25%
Turkey	11.3%	8.00%

Source: Central banks, Statistics Offices

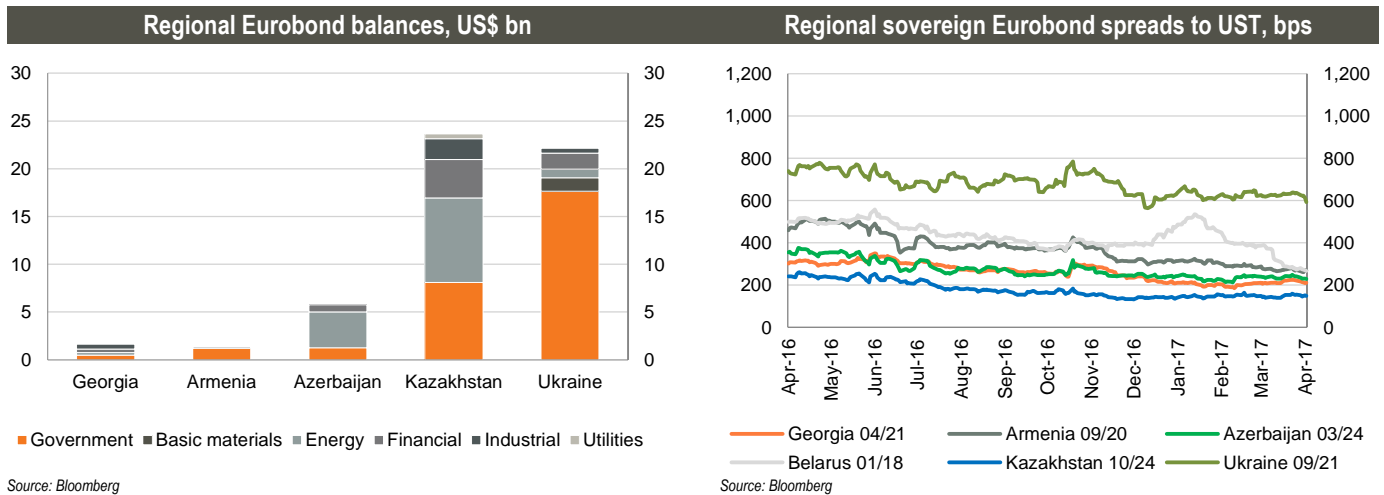


Eurobonds



Source: Bloomberg

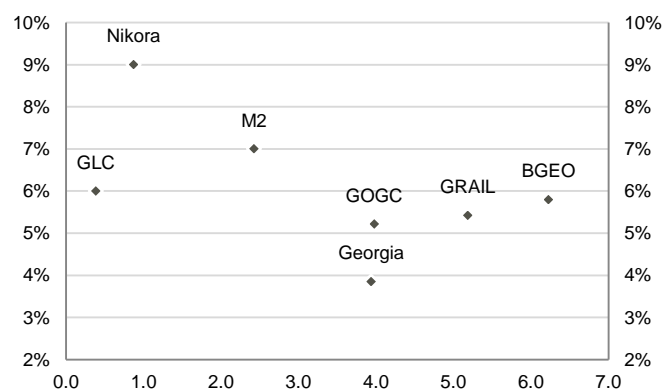
Note: 1 US\$ per local currency; Index growth means depreciation of the local currency, index decline means appreciation of the local currency; Aug-2014=100



Source: Bloomberg

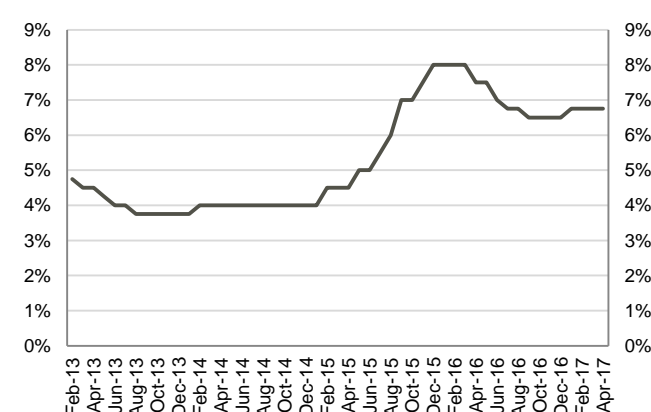
Source: Bloomberg

Snapshot: Georgia

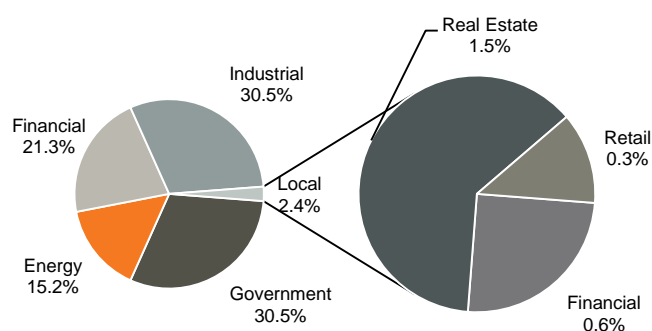
Yield curve


Remaining maturity

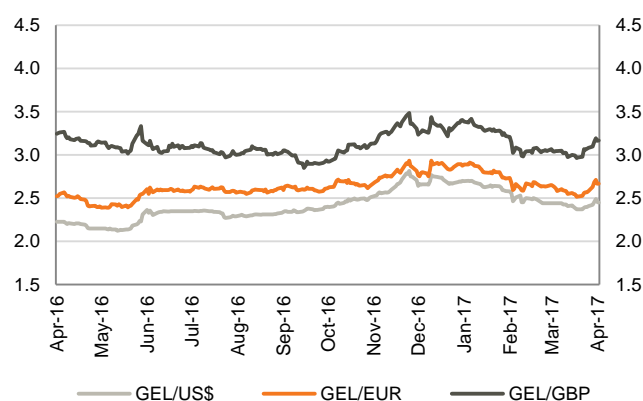
Source: Bloomberg, Galt & Taggart

Monetary policy rate


Source: National Bank of Georgia

Bond universe by sector (US\$ 1.6bn total)


Source: Bloomberg

Foreign exchange rates


Source: Bloomberg

Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB-/BB-/Ba3	500	110.66	3.85	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB-/B+/-	250	105.18	5.21	London
BGEO Group	US\$	Financial	BGEOLN	Jul-23	6.00%	BB-/B1	350	101.01	5.79	Dublin
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	B+/B+/-	500	110.10	5.42	London
Georgian Leasing Co	US\$	Financial	GEBGG	Sep-17	8.75%	-/-/-	10	100.63	6.00	Georgia
M2 Real Estate	US\$	Real Estate	GEBGG	Oct-19	7.50%	-/-/-	25	99.99	7.00	Georgia
Nikora Trade	US\$	Retail	NIKORA	Mar-18	11.00%	-/-/-	5	100.77	9.00	Georgia
GWP	GEL	Utilities	GEWRPW	Dec-21	10.25%**	BB-/B1	30.0	N/A	N/A	Not Listed
GWP	GEL	Utilities	GEWRPW	Aug-17	14.00%	BB-/B1	2.6	N/A	N/A	Georgia

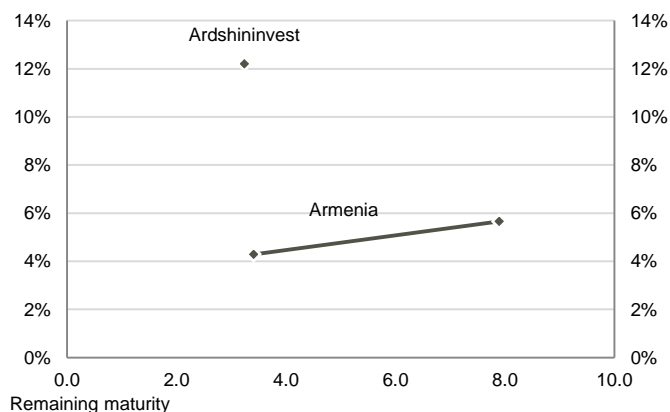
*Company ratings

**Floating rate with 3.5% over the NBG's refinancing rate

Source: Bloomberg, Galt & Taggart

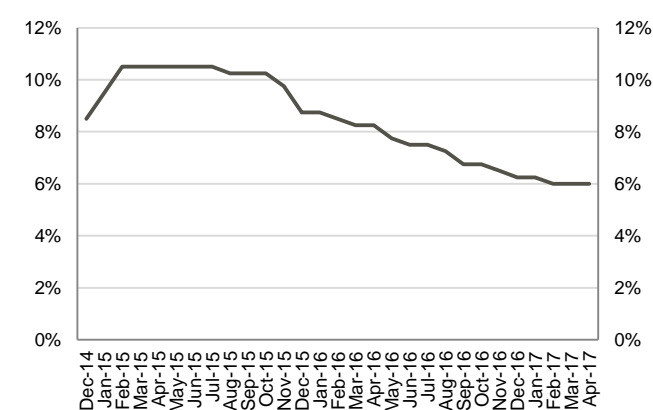
Snapshot: Armenia

Yield curve



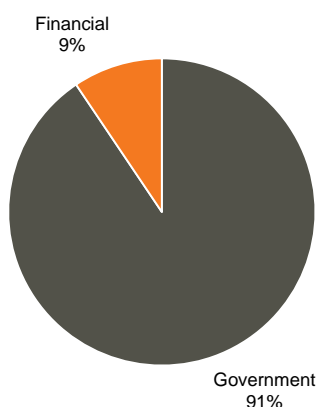
Source: Bloomberg

Monetary policy rate



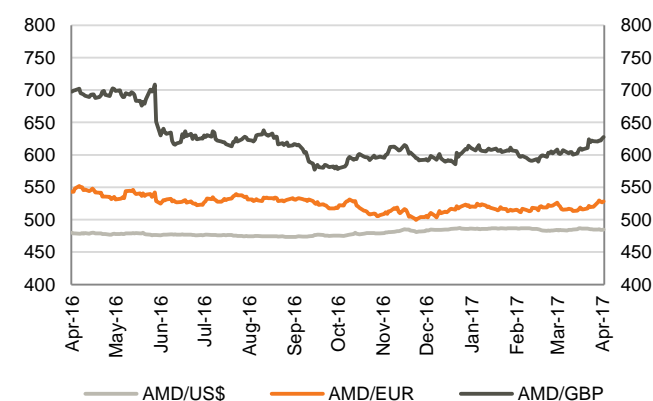
Source: Central Bank of Armenia

Bond universe by sector (US\$ 1.3bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

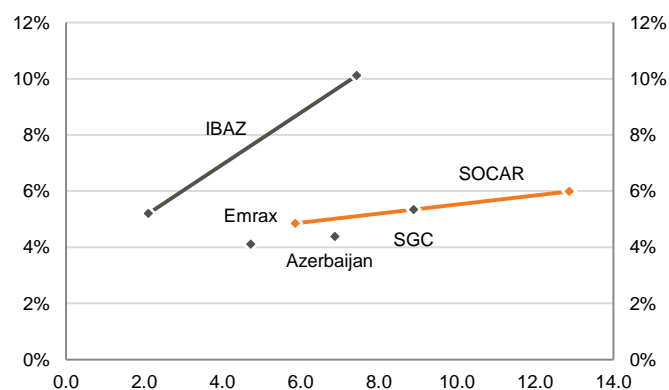
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Armenia	US\$	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	105.17	4.29	Dublin
Republic Of Armenia	US\$	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	109.18	5.66	Dublin
Ameriabank	US\$	Financial	AMERIA	Jul-18	6.75%	B+/-/B1	15	N/A	N/A	Armenia
Ardshinvestbk	US\$	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	98.93	12.20	Dublin
Armswissbank	US\$	Financial	ARMSWI	Apr-19	8.00%	-/-/-	5	N/A	N/A	Armenia
Armswissbank	US\$	Financial	ARMSWI	Apr-20	8.50%	-/-/-	5	N/A	N/A	Armenia

Source: Bloomberg

Snapshot: Azerbaijan

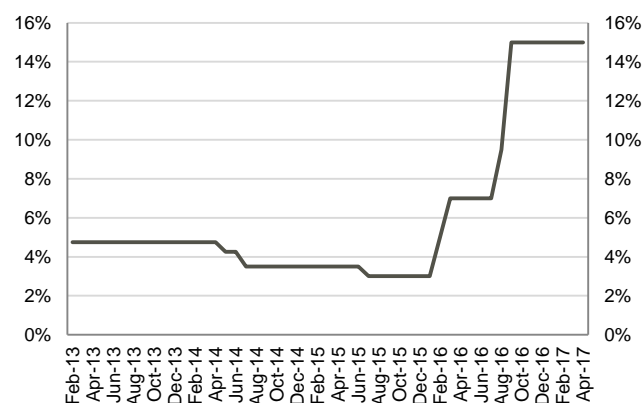
Yield curve



Remaining maturity

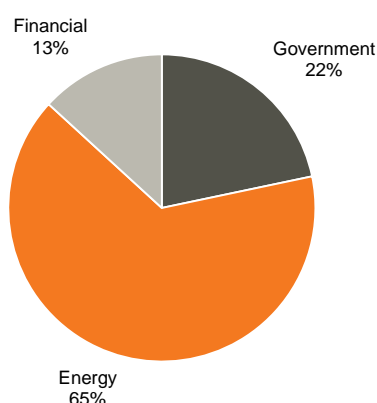
Source: Bloomberg

Monetary policy rate



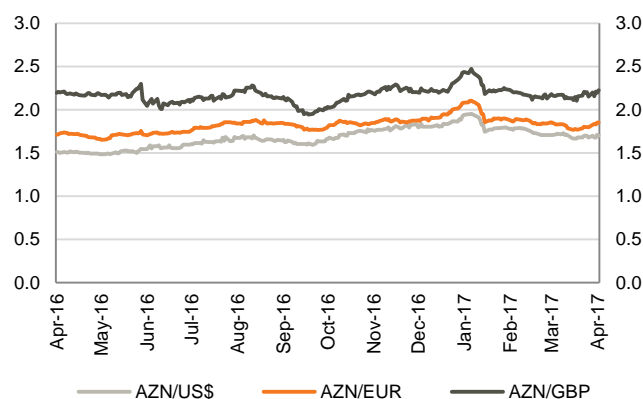
Source: Central Bank of Azerbaijan

Bond universe by sector (US\$ 5.8bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

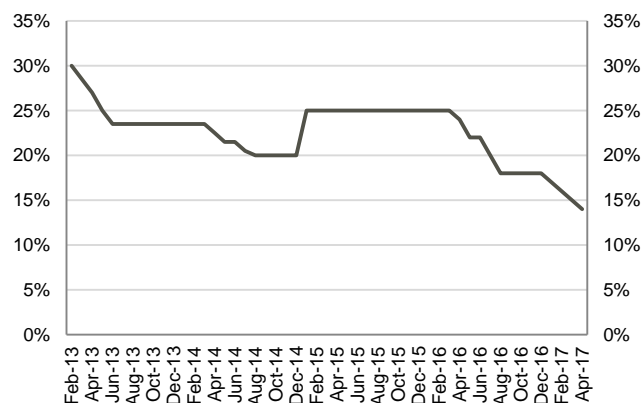
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Azerbaijan	US\$	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba1	1,250	102.00	4.38	Stuttgart
Southern Gas Corridor	US\$	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba1	2,000	110.62	5.34	Dublin
SOCAR	US\$	Energy	SOIAZ	Mar-23	4.75%	BB+/BB/Ba1	1,000	99.39	4.85	London
SOCAR	US\$	Energy	SOIAZ	Mar-30	6.95%	BB+/BB/NR	750	108.35	5.99	London
Emraxbank	US\$	Financial	EMRXAZ	Jan-22	9.00%	-/-/-	10	120.38	4.11	Baku
IBAZ	US\$	Financial	IBAZAZ	Jun-19	5.63%	BB-/B1	500	100.66	5.20	Stuttgart
IBAZ	US\$	Financial	IBAZAZ	Oct-24	8.25%	-/-/B1	250	89.65	10.12	Dublin

Source: Bloomberg



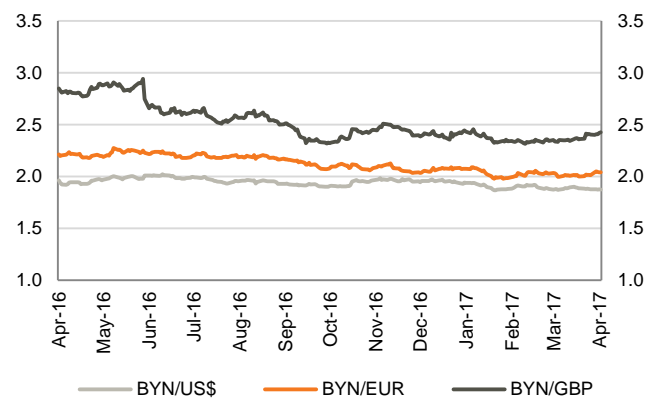
Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

Bond performance

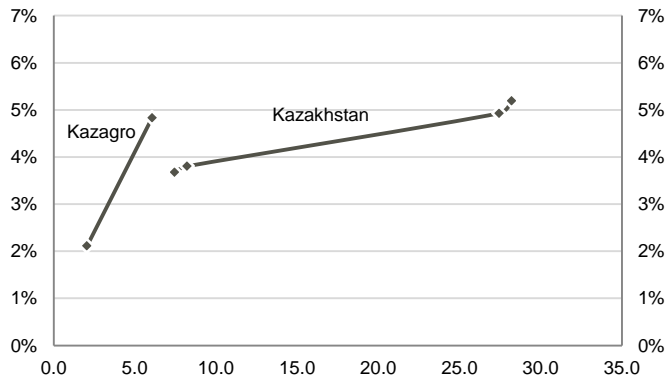
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Belarus	US\$	Government	BELRUS	Jan-18	8.95%	-/B-/Caa1	800	103.60	3.70	Stuttgart

Source: Bloomberg



Snapshot: Kazakhstan

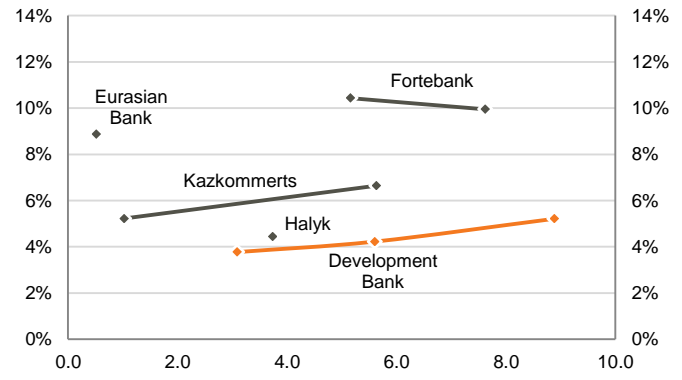
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

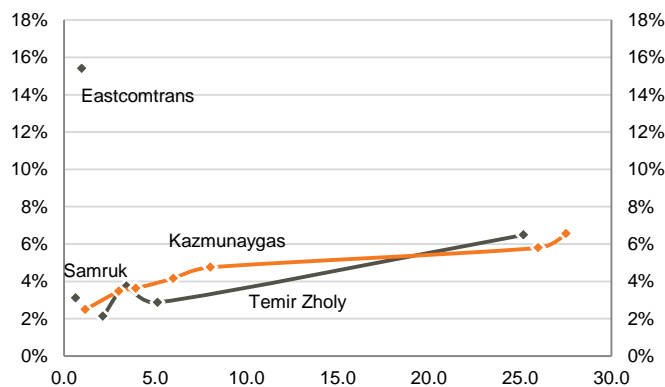
Yield curve (banks)



Remaining maturity

Source: Bloomberg

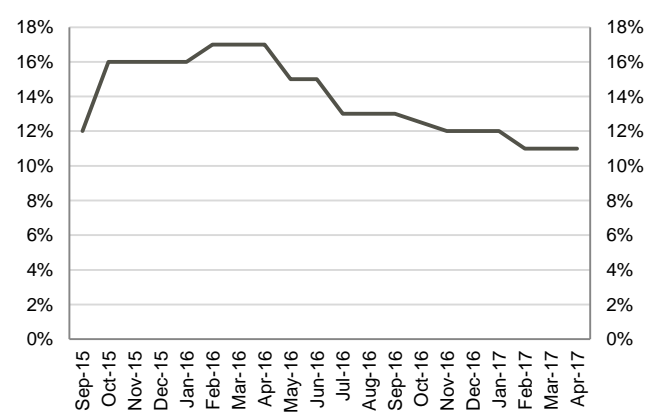
Yield curve (other sectors)



Remaining maturity

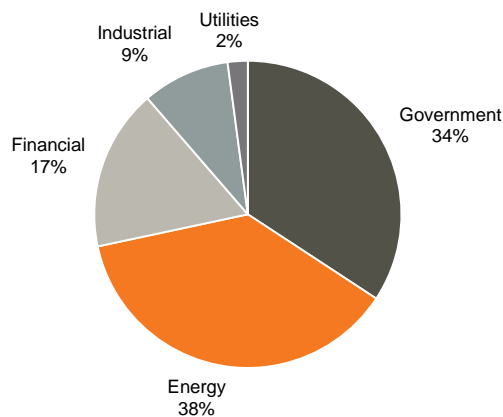
Source: Bloomberg

Monetary policy rate



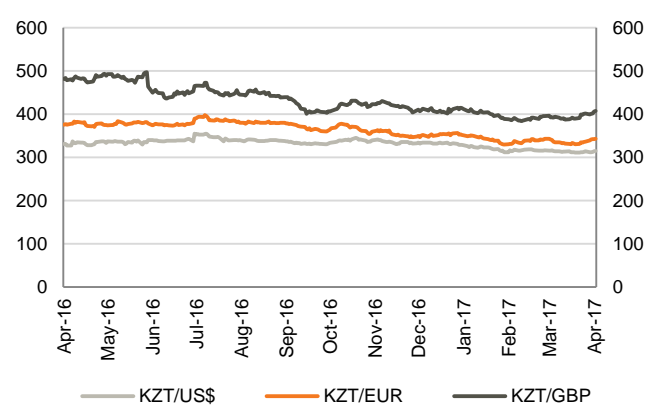
Source: National Bank of Kazakhstan

Bond universe by sector (US\$ 23.7bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



Bond performance

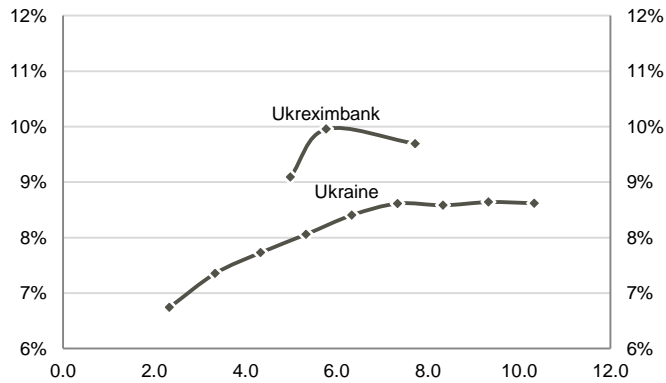
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Kazakhstan	US\$	Government	KAZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	101.16	3.68	London
Republic Of Kazakhstan	US\$	Government	KAZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	109.13	3.80	London
Republic Of Kazakhstan	US\$	Government	KAZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	99.12	4.93	London
Republic Of Kazakhstan	US\$	Government	KAZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	119.08	5.19	London
Kazagro Natl Mgmt Hldg	EUR	Government	KAZNMH	May-19	3.26%	BBB-/BB+/-	600	102.11	2.11	Dublin
Kazagro Natl Mgmt Hldg	US\$	Government	KAZNMH	May-23	4.63%	BBB-/BB+/-	1,000	98.68	4.83	Dublin
Kazmunaygas National Co	US\$	Energy	KZOKZ	Jul-18	9.13%	BBB-/BB/Baa3	1,600	107.50	2.49	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-20	7.00%	BBB-/BB/Baa3	1,500	109.92	3.47	Frankfurt
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-21	6.38%	BBB-/BB/Baa3	1,250	109.86	3.63	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	101.02	4.16	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-25	4.88%	BBB-/BB/Baa3	500	100.41	4.75	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-43	5.75%	BBB-/BB/Baa3	2,000	99.29	5.80	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Nov-44	6.00%	BBB-/BB/Baa3	1,000	91.68	6.55	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Jun-20	6.50%	BBB-/BBB-/Baa3	100	107.50	3.77	Kazakhstan
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Dec-22	4.13%	BBB-/BBB-/Baa3	1,425	99.30	4.23	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Mar-26	6.00%	BBB-/BBB-/Baa3	150	105.09	5.21	Kazakhstan
Eurasian Bank	US\$	Financial	EUBNKZ	Nov-17	7.50%	-B/-	500	99.02	8.88	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Jun-22	14.00%	NR/B/-	61	113.25	10.43	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Dec-24	11.75%	-B/-	237	109.00	9.95	Kazakhstan
Halyk Savings Bank-Kaz.	US\$	Financial	HSBKKZ	Jan-21	7.25%	BB-/BB/Baa3	500	109.43	4.44	London
Kazkommertsbank	US\$	Financial	KKB	May-18	8.50%	CCC-/B-/Caa2	300	102.91	5.22	London
Kazkommertsbank	US\$	Financial	KKB	Dec-22	5.50%	CCC-/B/-	750	94.13	6.64	Kazakhstan
Eastcomtrans	US\$	Industrial	EASTCM	Apr-18	7.75%	WD-/Caa1	100	91.93	15.40	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-19	2.59%	BBB-/BB-/Baa3	100	100.49	2.14	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Oct-20	6.38%	BBB-/BB-/Baa3	700	108.28	3.75	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-22	3.64%	BBB-/BB-/Baa3	185	103.31	2.87	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Jul-42	6.95%	BBB-/BB-/Baa3	1,100	105.51	6.49	London
Samruk-Energy	US\$	Utilities	SAMRUE	Dec-17	3.75%	BB/B+/*-/-	500	100.21	3.10	Dublin

Source: Bloomberg



Snapshot: Ukraine

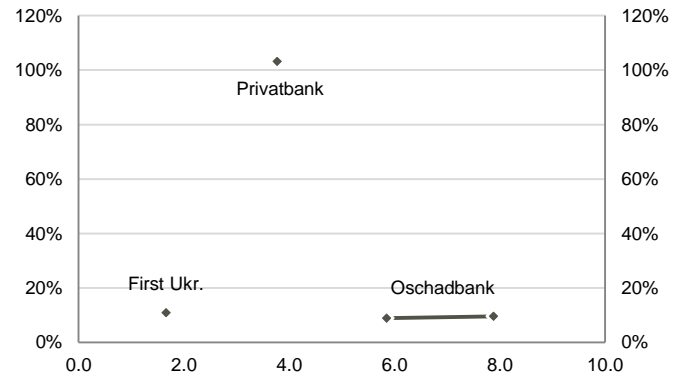
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

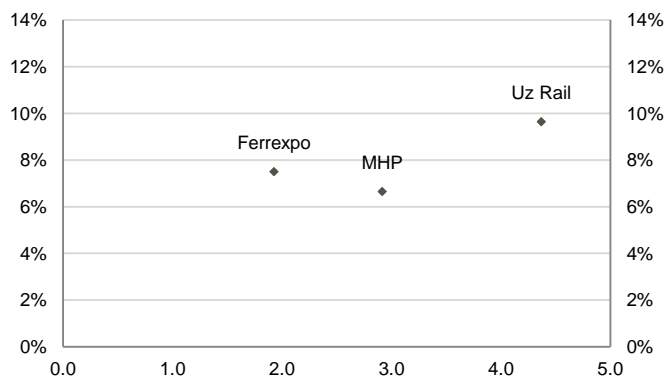
Yield curve (banks)



Remaining maturity

Source: Bloomberg

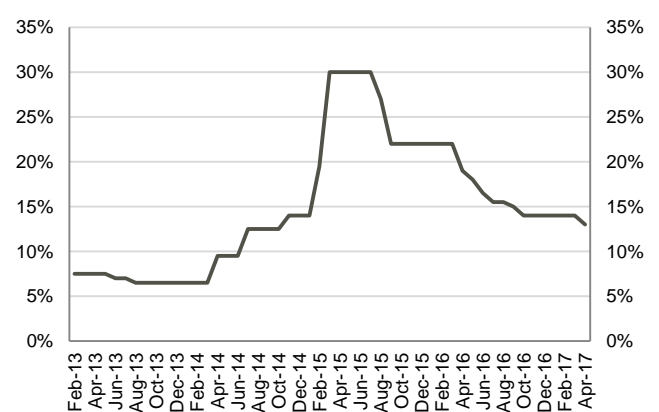
Yield curve (other sectors)



Remaining maturity

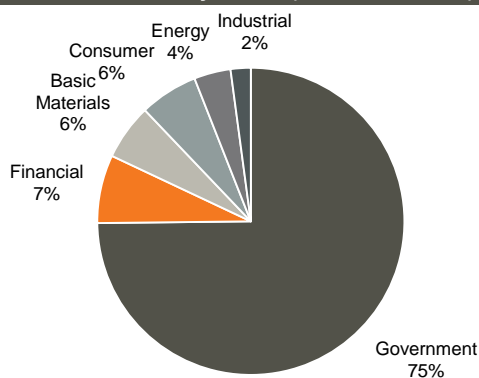
Source: Bloomberg

Monetary policy rate



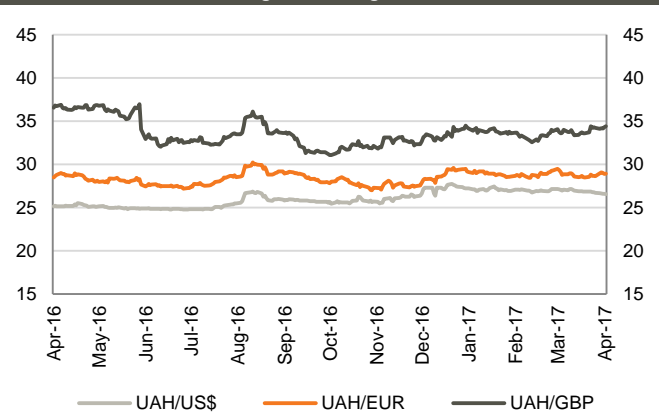
Source: National Bank of Ukraine

Bond universe by sector (US\$ 23.6bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Ukraine Government	US\$	Government	UKRAIN	Sep-19	7.75%	B-/B-/Caa3	1,744	101.98	6.74	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa3	1,780	100.99	7.35	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa3	1,409	99.85	7.73	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa3	1,384	98.49	8.06	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa3	1,355	96.66	8.40	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa3	1,339	95.09	8.61	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa3	1,329	95.05	8.58	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa3	1,318	94.24	8.64	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa3	1,307	94.01	8.62	Dublin
Ukraine Government	US\$	Government	UKRAIN	May-40	0.00%	-B/-	3,214	35.25	N/A	Dublin
Ukreximbank	US\$	Government	EXIMUK	Apr-22	9.63%	B-/B-/Caa3	750	101.87	9.09	Dublin
Ukreximbank	US\$	Government	EXIMUK	Feb-23	8.16%	C-/C	125	92.58	9.95	Dublin
Ukreximbank	US\$	Government	EXIMUK	Jan-25	9.75%	B-/B-/Caa3	600	100.16	9.69	Dublin
Ferrexpo Finance	US\$	Basic Materials	FXPOLN	Apr-19	10.38%	B-/B-/Caa2	186	105.00	7.50	Dublin
Ferrexpo Finance	US\$	Basic Materials	FXPOLN	Apr-19	10.38%	B-/B-/Caa2	161	104.49	7.62	Dublin
Metinvest	US\$	Basic Materials	METINV	Nov-17	10.50%	WD/-	290	N/A	N/A	Dublin
Metinvest	US\$	Basic Materials	METINV	Feb-18	8.75%	WD/-WR	750	N/A	N/A	Dublin
Avangardco Investments	US\$	Consumer	AVINPU	Oct-18	10.00%	WD/-	200	25.88	132.97	London
MHP	US\$	Consumer	MHPSA	Apr-20	8.25%	B-/B-/Caa3	750	104.05	6.65	Dublin
Ukrlandfarming	US\$	Consumer	UKRLAN	Mar-18	10.88%	WD/NR/-	500	22.50	278.58	Dublin
Dtek Finance	US\$	Energy	DTEKUA	Mar-18	10.38%	WD/-	160	N/A	N/A	Dublin
Dtek Finance	US\$	Energy	DTEKUA	Apr-18	7.88%	WD/-WR	750	N/A	N/A	Trace
First Ukr.	US\$	Financial	PUMBUZ	Dec-18	11.00%	NR/-WR	275	99.13	10.83	Zurich
Privatbank	US\$	Financial	PRBANK	Feb-21	11.00%	-/-	220	10.38	103.14	Channel Isl.
Oschadbank	US\$	Financial	OSCHAD	Mar-23	9.38%	B-/B-/Caa3	700	101.83	8.90	Dublin
Oschadbank	US\$	Financial	OSCHAD	Mar-25	9.63%	B-/B-/Caa3	500	100.21	9.55	Dublin
Uz Rail Via Shortline	US\$	Industrial	RAILUA	Sep-21	9.88%	CCC/CCC+/-	500	100.60	9.64	Dublin

Source: Bloomberg

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