

Weekly Market Watch

Weekly Market Watch | Georgia
February 15, 2016

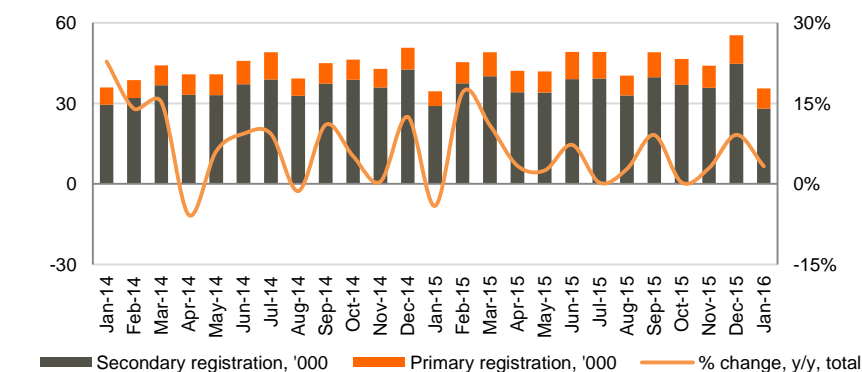
Economy

Property registration up 3.3% y/y and company registration down 16.9% y/y in Jan-2016

Property registration (commercial and residential real estate) increased 3.3% y/y (-35.7% m/m), reaching 35,620 units in January 2016, according to the National Agency of Public Registry. Notably, a sharp increase in primary property registration (+39.0% y/y, 21.1% of total) fully compensated for a decrease in secondary property registration (-3.3% y/y, 78.9% of total).

Company registration decreased 16.9% y/y (-33.1% m/m) to 2,812 units in January 2016. Out of newly registered companies, 97.2% were business legal entities, while 2.8% comprised non-entrepreneurial (non-commercial) legal entities.

Primary and secondary property registration



Source: NAPR

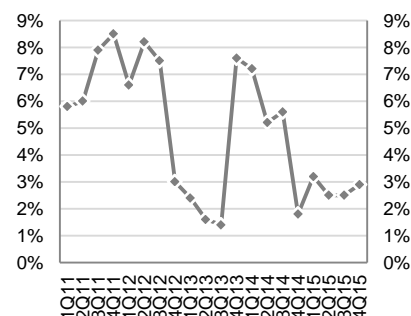
Key macro indicators

	1M16	2015E	2014
GDP (% change)	...	2.8%	4.6%
GDP per capita (ppp)	...	9,566	9,209
GDP per capita (US\$)	...	3,765	3,676
Population (mn)	3.7*	3.7*	4.5
Inflation (eop)	5.6%	4.9%	2.0%
Gross reserves (US\$ bn)	2.4	2.5	2.7
CAD (% of GDP)	10.7%	10.6%
Fiscal deficit (% of GDP)	3.0%
Total public debt (% of GDP)	...	41.1%	35.5%

Source: Official data, IMF, G&T

*Preliminary results of census, previous data is subject to recalculation

Real GDP growth, %



Source: GeoStat

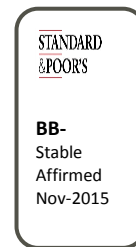


Note: 4Q15 figure based on rapid estimates

International ranking of Georgia, 2016

Ease of Doing Business # 24 (regional leader)
Economic Freedom Index # 23 (mostly free)
Global Competitiveness Index # 66 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed Nov-2015	 Ba3 Positive Affirmed Mar-2015	 BB- Stable Affirmed Oct-2015
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Source: Rating agencies



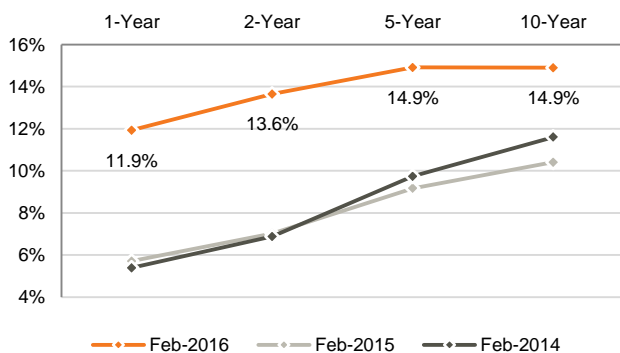
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 700mn (US\$ 282.1mn).

Certificates of deposit: NBG sold 182-day, GEL 20mn (US\$ 8.0mn) certificates of deposit, with an average yield of 9.91% (up by 4bps from previous issue).

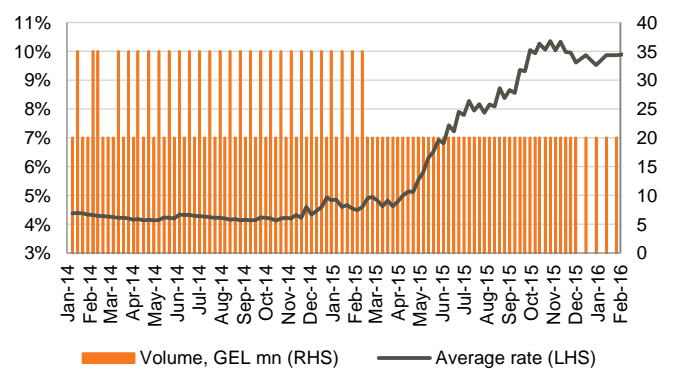
Ministry of Finance Treasury Notes: 2-year GEL 40.0mn (US\$ 16.1mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on February 10, 2016. The weighted average yield was fixed at 13.884%. The nearest treasury securities auction is scheduled for February 17, 2016, where GEL 45mn nominal value 1-year T-Bills will be sold.

T-bills / T-notes, yield curve



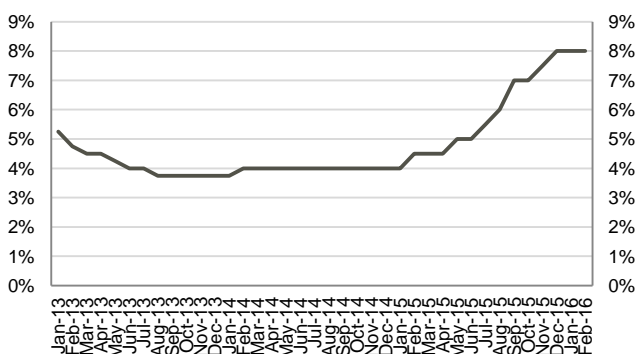
Source: NBG
*As of latest auction

Certificates of Deposits (weighted average rate)



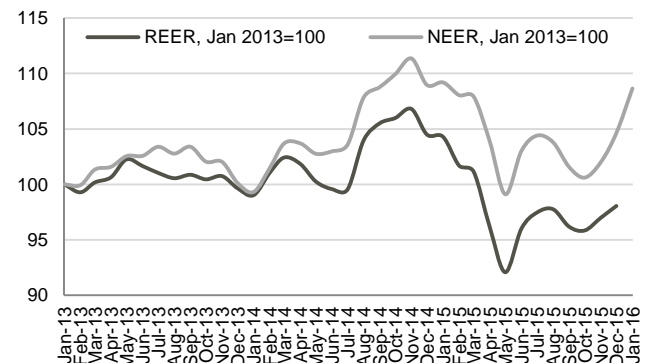
Source: NBG

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

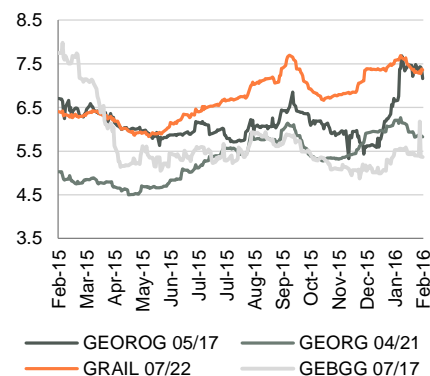


Fixed income

Corporate Eurobonds: Bank of Georgia Eurobonds (GEBGG) closed at 5.4% yield, trading at 103.1 (unchanged w/w). GOGC Eurobonds (GEOROG) were trading at 99.8 (unchanged w/w), yielding 7.0%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 102.3 (+0.2% w/w), yielding 7.3%.

Georgian Sovereign Eurobonds (GEORG) closed at 104.6 (unchanged w/w) at 5.8% yield to maturity.

Georgia Eurobonds, YTM (%)



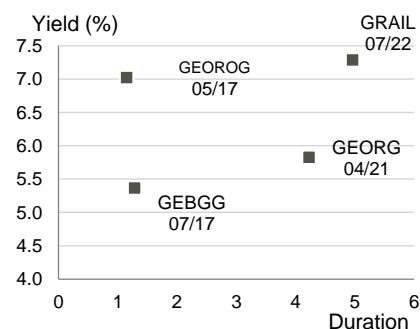
	Local bonds				Eurobonds			
	GWP 11/17	M2RE 03/17	EVEX 05/17	GLC 09/17	GEOROG 05/17	GEBGG 07/17	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	6*	20	15	10	250	400	500	500
Issue date	11/15	03/15	05/15	09/14	May-2012	Jul-2012	Apr-2011	Jul-2012
Maturity date	11/17	03/17	05/17	09/17	May-2017	Jul-2017	Apr-2021	Jul-2022
Coupon, %	15.000**	9.500	9.500	8.750	6.875%	7.750%	6.875%	7.750%
Fitch/S&P/Moody's	BB-/B+	-/-	-/-	-/-	BB-/B+	BB-/BB-/Ba3	BB-/BB-/Ba3	BB-/BB-/
Mid price, US\$	100.0*	99.0	100	98.0	99.8	103.1	104.6	102.3
Mid yield, %	15.0	10.1	9.5	9.7	7.0	5.4	5.8	7.3
Z-spread, bps	n/a	n/a	n/a	n/a	660.6	551.9	465.2	605.1

Source: Bloomberg

*GWP 11/17 bonds are in Georgian lari

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

Georgian Eurobond universe



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	104.6	5.8	465.2
Azerbaijan	1,250	4.750%	18/03/2024	BBB-/Baa3	89.4	6.4	498.7
Bulgaria	323	5.000%	19/07/2021	BBB-/B-	120.4	1.1	-240.7
Croatia	1,250	3.875%	30/05/2022	BB/BB/Baa1	101.7	3.6	330.8
Hungary	3,000	6.375%	29/03/2021	BB+/BB+/Baa1	113.3	3.5	238.3
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	119.5	3.1	191.3
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Baa1	103.8	4.0	293.1
Turkey	2,000	5.625%	30/03/2021	BBB-/NR/Baa3	106.2	4.3	311.0

Source: Bloomberg

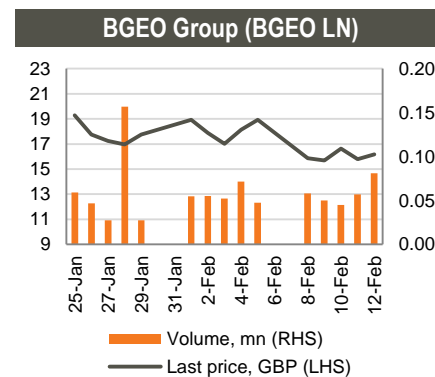
Equities

BGEO Group (BGEO LN) shares closed at GBP 16.18/share (-7.44% w/w and -9.00% m/m). More than 304k shares traded in the range of GBP 15.38 – 17.52/share. Average daily traded volume was 58k in the last 4 weeks, more than in the previous month. FTSE 250 Index, of which BOGH is a constituent, lost 3.53% w/w and lost 7.49% m/m, respectively. The volume of BOGH shares traded was at 0.77% of its capitalization.

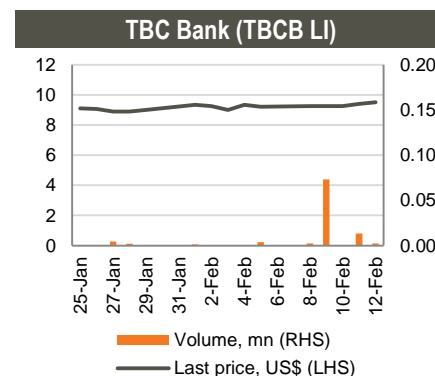
TBC Bank (TBCB LI) closed the week at US\$ 9.50 (+3.51 w/w and -2.06% m/m). More than 91k GDRs changed hands in the range of US\$ 9.02 – 9.50/GDR. Average daily traded volume was 6k in the last 4 weeks, more than in the previous month.

Georgia Healthcare Group (GHG LN) shares closed at GBP 1.67/share (-7.01% w/w and +1.44% m/m). More than 65k shares were traded in the range of GBP 1.64 – 1.78/share. Average daily traded volume was 52k in the last 4 weeks. The volume of GHG shares traded was at 0.05% of its capitalization.

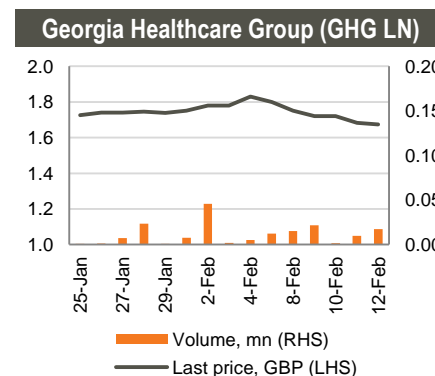
On the Georgian stock exchange: Liberty Bank shares were traded at GEL 0.017 (+30.8% w/w). As a result, the G&T Index went up to 886.86 (+0.05% w/w).



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Eastern European banks

Eastern European banks									
	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg	
	BGEO*	BGEO	23.39	924	-8.8%	-18.8%	-23.5%	-27.7%	-32.1%
	TBC	TBC	9.50	465	-2.1%	8.0%	-6.9%	-24.6%	-30.1%
	Halyk Bank	HSBK	3.36	915	-28.7%	-45.4%	-55.3%	-60.5%	-47.6%
	KKB	KKB	0.70	279	-43.8%	-75.8%	-74.3%	-81.6%	-78.3%
	VTB Bank	VTBR	1.72	11,114	-9.0%	-24.0%	-19.5%	-25.4%	-18.0%
	Vozrozhdenie Bank	VZRZ	6.66	158	-15.1%	-28.5%	-20.8%	-9.8%	21.8%
	Sberbank	SBER	5.18	27,944	3.1%	-16.5%	9.9%	27.9%	20.2%

Source: Bloomberg

Note: * BGEO is traded in GBP and is 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	2.42	310	1.7%	-13.5%	nm	nm
Mouwasat	MOUWASAT	29.19	1,459	1.4%	-2.6%	-22.4%	-11.2%
Fortis	FORH	2.22	1,028	-19.1%	-12.2%	-19.5%	26.4%
Raffles	RFMD	2.90	1,667	3.7%	-4.2%	-11.5%	-1.3%
IHH	IHH	1.56	12,848	6.4%	4.7%	9.7%	13.5%
Bangkok Chain	BCH	0.24	595	-8.2%	28.8%	21.6%	-0.6%
Netcare	NTC	2.16	3,157	7.6%	-16.8%	-29.4%	-34.3%

Source: Bloomberg

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

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