

# Weekly Market Watch

 Weekly Market Watch | Georgia  
 May 16, 2016

## Economy

### Trade deficit up 5.0% y/y in April 2016

In April 2016, imports decreased 0.5% y/y to US\$ 549.3mn (excluding one-offs), exports were down 11.1% y/y to US\$ 165.3mn, and the trade deficit widened 5.0% y/y to US\$ 384mn, according to GeoStat's preliminary figures. In 4M16, the trade deficit was down 13.7% y/y to US\$ 1.4bn (excluding one-offs). Detailed foreign trade statistics will be available on May 20, 2016.

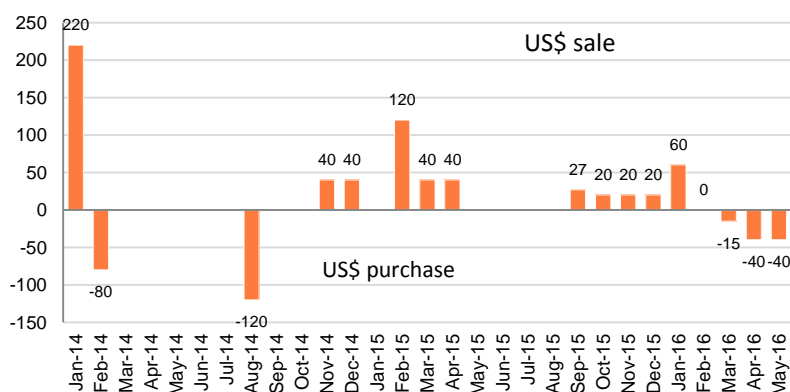
### NBG buys US\$ 20mn

On 10 May 2016, NBG intervened for the 7th time on a purchasing side since Mar-16 and bought US\$ 20mn aimed at curbing the appreciation of the national currency, which strengthened 7.9% against the US\$ YTD. The central bank bought total of US\$ 95mn in these 7 interventions in a period between March 17 and May 10. In Jan-16, the central bank made 3 interventions and sold total of US\$ 60mn. As a result, NBG is a net buyer of US\$ 35mn YTD.

### EBRD forecasts 3.4% growth in 2016

EBRD revised up Georgia's 2016 growth forecast to 3.4% from 2.6% forecasted before (in November 2015). EBRD expects that Georgia will benefit from a strong tourist season and increased investor confidence in 2016.

NBG monthly net interventions, US\$ mn



Source: NBG

Note: May 2016 figure provided as of 13 May 2016

### Key macro indicators

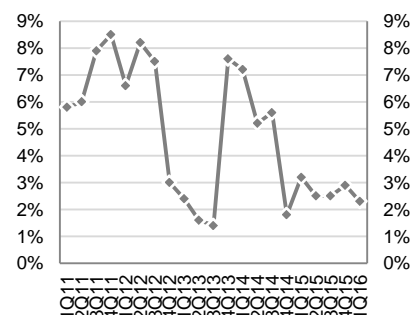
	4M16	2015	2014
GDP (% change)	2.3%*	2.8%	4.6%
GDP per capita (ppp)	...	9,566	9,209
GDP per capita (US\$)	...	3,743	3,676
Population (mn)	3.7**	3.7**	4.5
Inflation (eop)	3.2%	4.9%	2.0%
Gross reserves (US\$ bn)	2.5	2.5	2.7
CAD (% of GDP)	....	11.8%	10.6%
Fiscal deficit (% of GDP)	....	3.8%	3.0%
Total public debt (% of GDP)	...	41.5%	35.5%

Source: Official data, IMF, G&T

\*As of 3M16

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

### Real GDP growth, %



Source: GeoStat

Note: 1Q16 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

<b>STANDARD &amp; POOR'S</b>  <b>BB-</b> Stable Affirmed Nov-2015	<b>Moody's</b> INVESTORS SERVICE  <b>Ba3</b> Stable Affirmed Mar-2016	<b>FitchRatings</b>  <b>BB-</b> Stable Affirmed Oct-2015
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Source: Rating agencies

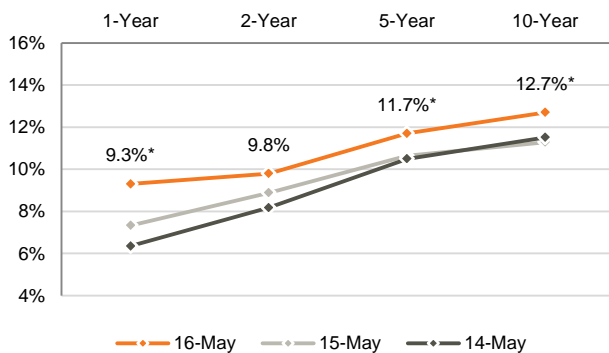


## Money market

**Refinancing loans:** National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 650mn (US\$ 293.8mn).

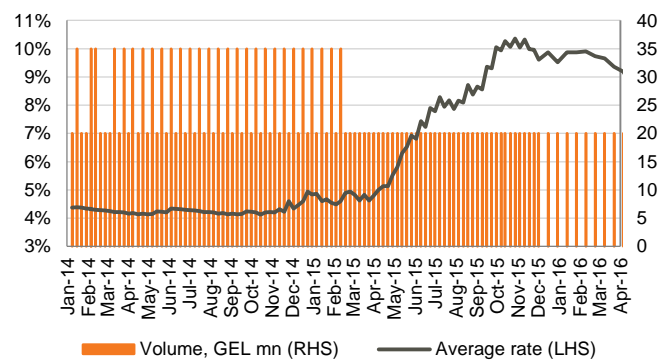
**Ministry of Finance Treasury Notes:** 2-year GEL 20.0mn (US\$ 9.0mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on May 11, 2016. The weighted average yield was fixed at 9.791%. The nearest treasury securities auction is scheduled for May 18, 2016, where GEL 45mn nominal value 1-year T-Notes will be sold.

T-bills / T-notes, yield curve



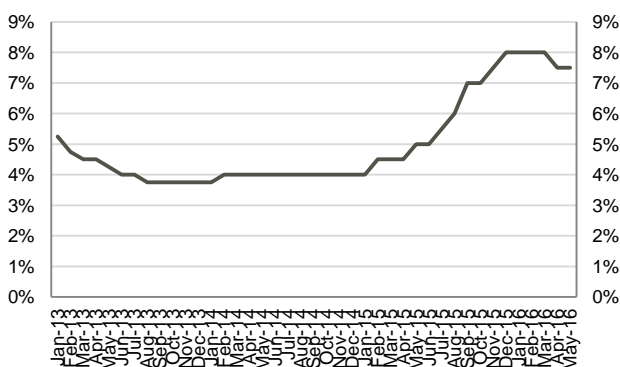
Source: NBG  
\*As of latest auction

Certificates of Deposits (weighted average rate)



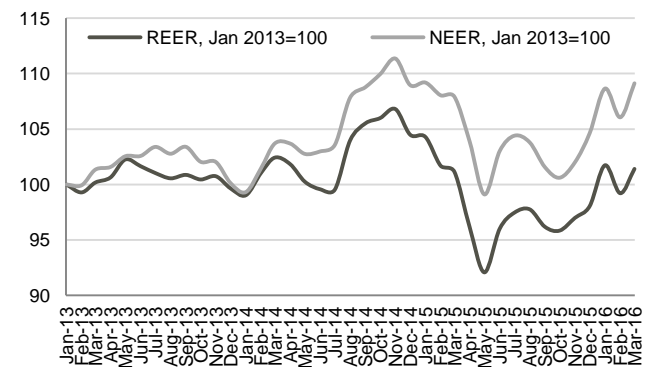
Source: NBG

Monetary policy rate



Source: NBG  
Note: Next revision of a monetary policy rate is scheduled for 15 June 2016

Nominal Effective Exchange Rate and Real Effective Exchange Rate



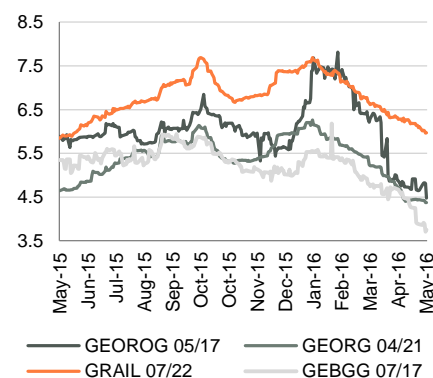
Source: NBG  
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

## Fixed income

**Corporate Eurobonds:** Bank of Georgia Eurobonds (GEBGG) closed at 3.8% yield, trading at 104.4 (+0.1% w/w). GOGC Eurobonds (GEOROG) were trading at 102.2 (unchanged w/w), yielding 4.6%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.0 (+0.2% w/w), yielding 6.0%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 110.9 (+0.4% w/w) at 4.4% yield to maturity.

Georgia Eurobonds, YTM (%)



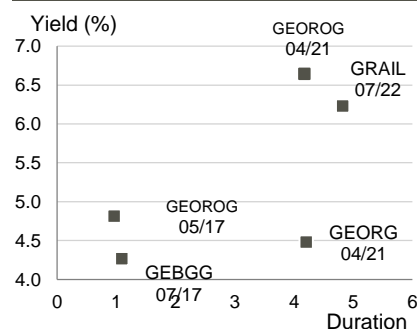
	Local bonds					Eurobonds				
	Nikora 03/18	GWP 11/17	M2RE 03/17	EVEX 05/17	GLC 09/17	GEOROG 04/21	GEOROG 05/17	GEBGG 07/17	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	5	6*	20	15	10	250	250	400	500	500
Issue date	03/16	12/15	03/15	05/15	09/14	Apr-2016	May-2012	Jul-2012	Apr-2011	Jul-2012
Maturity date	03/18	12/17	03/17	05/17	09/17	Apr-2021	May-2017	Jul-2017	Apr-2021	Jul-2022
Coupon, %	11.000	15.500**	9.500	9.500	8.750	6.750%	6.875%	7.750%	6.875%	7.750%
Fitch/S&P/Moody's	-/-	BB-/-	-/-	-/-	-/-	BB-/-	BB-/B+	BB-/BB-/Ba3	BB-/BB-/Ba3	BB-/BB-/
Mid price, US\$	100.0	100.0*	101.6	101.87	100.65	100.8	102.2	104.4	110.9	109.0
Mid yield, %	11.0	15.0	7.75	7.75	8.25	6.6	4.6	3.8	4.4	6.0
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	528.6	402.7	329.5	312.5	471.4

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	110.9	4.4	312.5
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba1/-	96.8	5.1	364.5
Bulgaria	323	5.000%	19/07/2021	BBB-/	119.5	1.2	-239.3
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	103.2	3.3	308.0
Hungary	3,000	6.375%	29/03/2021	BB+/BB+/Ba1	113.8	3.2	197.2
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	118.5	3.1	184.6
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	105.8	3.3	217.0
Turkey	2,000	5.625%	30/03/2021	BBB-/NR/Baa3	108.6	3.9	235.1

Source: Bloomberg

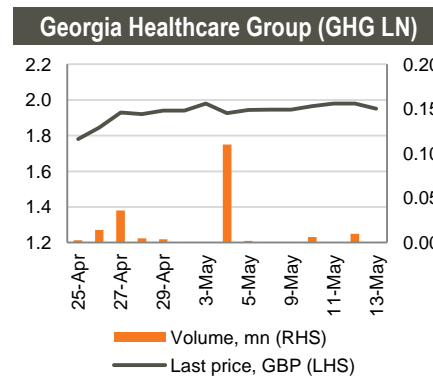
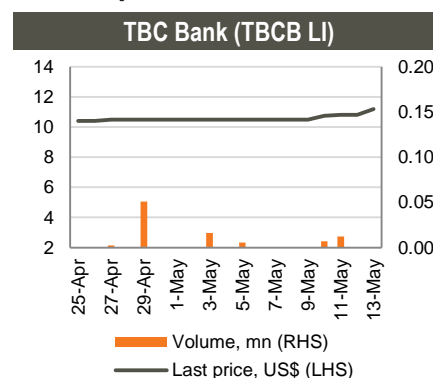
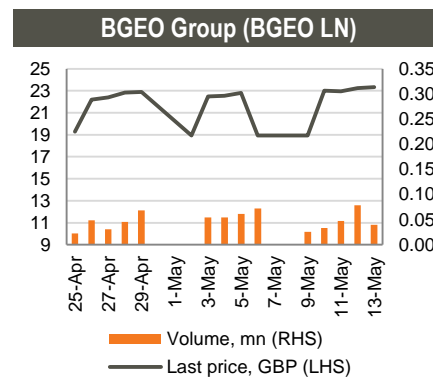
## Equities

**BGEO Group** (BGEO LN) shares closed at GBP 23.32/share (+3.32% w/w and +15.62% m/m). More than 224k shares traded in the range of GBP 22.62 – 23.50/share. Average daily traded volume was 47k in the last 4 weeks, less than in the previous month. FTSE 250 Index, of which BOGH is a constituent, gained 0.01% w/w and lost 2.3% m/m, respectively. The volume of BOGH shares traded was at 0.57% of its capitalization.

**TBC Bank** (TBCB LI) closed the week at US\$ 11.20 (+6.67% w/w and +14.87% m/m). More than 20k GDRs changed hands in the range of GBP 10.50 – 11.20/GDR. Average daily traded volume was 10k in the last 4 weeks, less than in the previous month.

**Georgia Healthcare Group** (GHG LN) shares closed at GBP 1.95/share (+0.19% w/w and +11.59% m/m). More than 16k shares were traded in the range of GBP 1.95 – 2.03/share. Average daily traded volume was 12k in the last 4 weeks. The volume of GHG shares traded was at 0.01% of its capitalization.

**On the Georgian stock exchange** Teliani Valley shares were traded at GEL 0.13 (unchanged w/w). As a result, the G&T remained at 796.74 (unchanged w/w).



Eastern European banks								
Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg	
BGEO*	BGEO	33.51	1,324	14.3%	27.5%	17.5%	3.6%	21.5%
TBC	TBC	11.20	561	12.0%	17.9%	31.3%	-11.1%	1.8%
Halyk Bank	HSBK	4.30	1,173	6.2%	16.2%	-27.4%	-49.4%	-47.2%
KKB	KKB	1.24	494	34.8%	47.6%	-38.0%	-67.4%	-61.5%
VTB Bank	VTBR	2.05	13,285	-7.2%	16.6%	-7.4%	-10.9%	-23.0%
Vozrozhdenie Bank	VZRZ	11.47	272	62.7%	71.4%	24.9%	55.5%	41.2%
Sberbank	SBER	7.73	41,738	2.4%	45.4%	24.2%	91.0%	29.6%

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	2.80	359	10.2%	13.9%	2.9%	nm	nm
Mouwasat	MOUWASAT	34.93	1,747	11.1%	22.4%	18.6%	6.2%	-0.1%
Fortis	FORH	2.50	1,159	-7.7%	13.8%	3.2%	42.4%	-0.4%
Raffles	RFMD	1.16	2,004	3.9%	18.9%	15.0%	18.4%	8.3%
IHH	IHH	1.63	13,448	-4.6%	6.1%	9.4%	18.7%	-2.4%
Bangkok Chain	BCH	0.28	710	-7.7%	19.3%	46.2%	18.4%	22.9%
Netcare	NTC	2.24	3,268	-8.9%	2.5%	-15.8%	-31.9%	-32.8%

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

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