



# Regional Fixed Income Market Watch

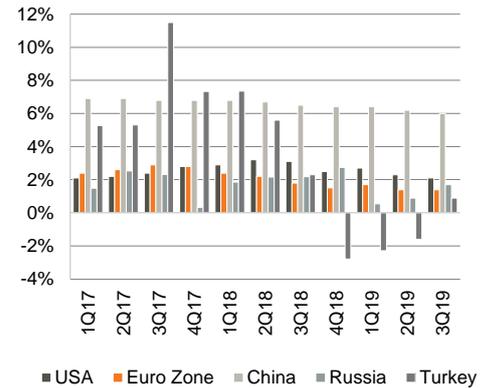
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income  
Monthly Bulletin  
December 20, 2019

## Highlights

- US real GDP growth was revised upward to an annualized 2.1% (second estimate) from an annualized 2.0% (advance estimate) in 3Q19. Annual inflation in the US was 2.1% in November 2019, up from 1.8% in previous month. Unemployment rate was 3.5% in November 2019, down from 3.6% in previous month. Target range for the federal funds rate was kept unchanged at 1.5%-1.75% in December 2019 in line with expectations.
- EU19 real GDP growth was 1.2% y/y in 3Q19. Based on the Eurostat flash estimate, annual inflation in EU19 was 1.0% in November 2019, up from 0.7% in previous month. Unemployment rate in EU19 was 7.5% in October 2019, unchanged from previous month. In December 2019, ECB kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively.
- Turkish economy increased by 0.9% y/y in 3Q19 after 1.6% y/y reduction in 2Q19.
- In October 2019, economic growth was 7.7% y/y in Armenia, 5.7% y/y in Georgia, 5.4% y/y in Kazakhstan and 3.1% y/y in Russia, based on preliminary data. In 10M19, growth was 2.1% y/y in Azerbaijan and 1.1% y/y in Belarus.
- In November 2019, annual inflation was above the target range in Georgia (7.0%) and Turkey (10.6%); inflation was below the target in Armenia (1.0%) and in Russia (3.5%), while it was within the target range in Kazakhstan (5.4%) and close to the target in Ukraine (5.1% y/y). Annual inflation was 2.4% in Azerbaijan in November 2019.
- As of 19 December 2019, monetary policy rate increased by 50 basis points to 9.0% in Georgia, while it was cut by 25 basis points to 7.5% in Azerbaijan and to 6.25% in Russia, by 50 basis points to 9.0% in Belarus, by 200 basis points to 12.0% in Turkey and to 13.5% in Ukraine.
- In November 2019, Fitch upgraded Armenia's rating to BB- from B+ with a stable outlook.

## GDP growth rate, y/y



Source: Statistics Offices

## Key macro indicators

	GDP, % change			GDP, US\$ bn			GDP per capita, US\$			Inflation, period average			Fiscal balance, % of GDP			Current account balance, % of GDP		
	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F
Armenia	5.2%	6.0%	4.8%	12.4	13.4	14.1	4,188	4,528	4,759	2.5%	1.7%	2.5%	-1.8%	-1.5%	-2.2%	-9.4%	-7.4%	-7.4%
Azerbaijan	1.0%	2.7%	2.1%	46.9	47.2	48.0	4,722	4,689	4,719	2.3%	2.8%	3.0%	5.6%	5.3%	3.2%	12.9%	9.7%	10.0%
Belarus	3.1%	1.5%	0.3%	59.6	62.6	63.6	6,283	6,604	6,744	4.9%	5.4%	4.8%	2.4%	-1.3%	-4.2%	-0.4%	-0.9%	-3.4%
Georgia	4.8%	4.9%	4.7%	17.6	17.5	18.9	4,722	4,690	5,079	2.6%	4.9%	3.6%	-0.7%	-2.1%	-2.4%	-6.8%	-4.5%	-4.9%
Kazakhstan	4.1%	3.8%	3.9%	172.9	170.3	182.6	9,401	9,139	9,672	6.0%	5.3%	5.2%	2.7%	0.4%	0.0%	0.0%	-1.2%	-1.5%
Ukraine	3.3%	3.0%	3.0%	130.9	150.4	161.9	3,113	3,592	3,882	10.9%	8.7%	5.9%	-2.2%	-2.3%	-2.3%	-3.4%	-2.8%	-3.5%
Russia	2.3%	1.1%	1.9%	1,657.3	1,637.9	1,657.5	11,289	11,163	11,305	2.9%	4.7%	3.5%	2.9%	1.0%	0.1%	6.8%	5.7%	3.9%
Turkey	2.8%	0.2%	3.0%	771.3	743.7	813.8	9,405	8,958	9,684	16.3%	15.7%	12.6%	-3.1%	-4.6%	-4.7%	-3.5%	-0.6%	-0.9%

Source: IMF's World Economic Outlook, October 2019

Note: Georgia's official GDP figures changed from 2010 to 2018 due to the adoption of the SNA 2008 by Geostat. These changes not reflected in IMF statistics yet. Therefore, source for Georgia's numbers is Galt & Taggart.

## Sovereign credit ratings

	Fitch			Moody's			S&P		
	LC	FC	Outlook	LC	FC	Outlook	LC	FC	Outlook
Armenia	BB-	BB-	stable	Ba3	Ba3	stable	NA	NA	NA
Azerbaijan	BB+	BB+	stable	Ba2	Ba2	stable	BB+	BB+	stable
Belarus	B	B	stable	B3	B3	stable	B	B	stable
Georgia	BB	BB	stable	Ba2	Ba2	stable	BB	BB	stable
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	positive	BBB-	BBB-	stable
Ukraine	B	B	positive	Caa1	Caa1	positive	B	B	stable
Russia	BBB	BBB	stable	Baa3	Baa3	stable	BBB	BBB-	stable
Turkey	BB-	BB-	stable	B1	B1	negative	BB-	B+	stable

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

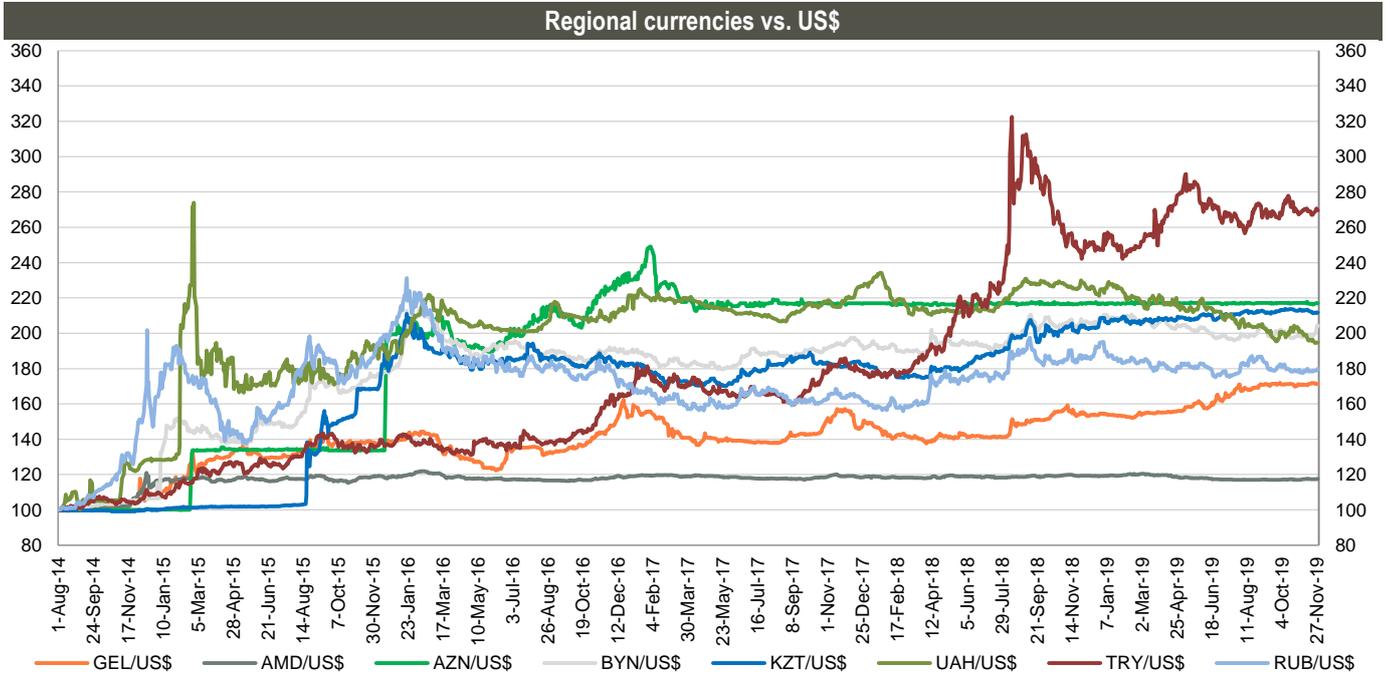
## Monetary stance

	Inflation, y/y		MPR
	Nov-19	Latest-19	
Armenia	1.0%	5.50%	
Azerbaijan	2.4%	7.50%	
Belarus	5.0%	9.00%	
Georgia	7.0%	9.00%	
Kazakhstan	5.4%	9.25%	
Ukraine	5.1%	13.5%	
Russia	3.5%	6.25%	
Turkey	10.6%	12.0%	

Source: Central banks, Statistics Offices

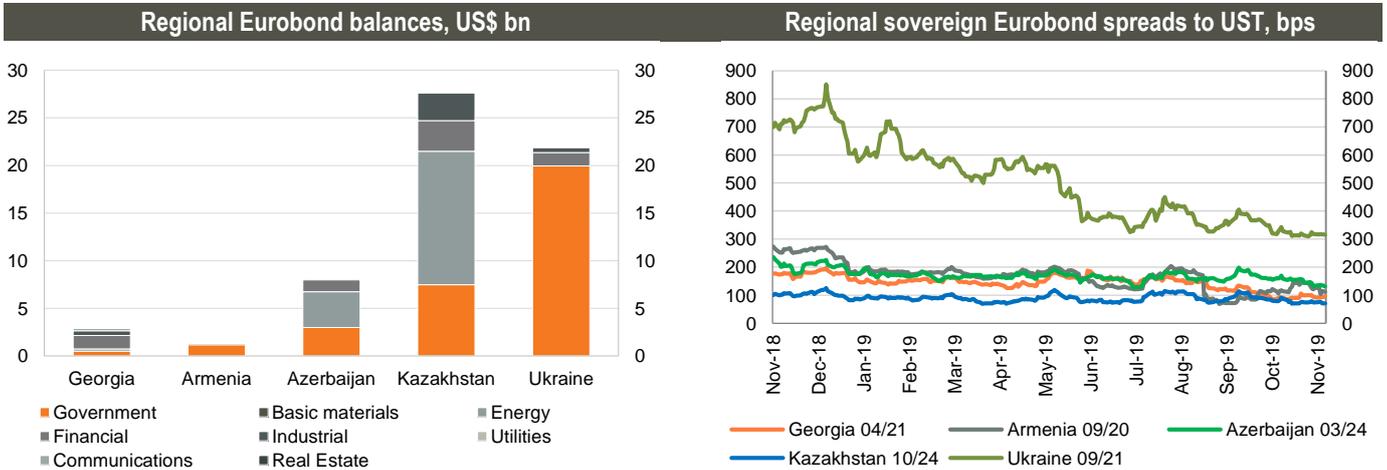


# Eurobonds



Source: Bloomberg

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

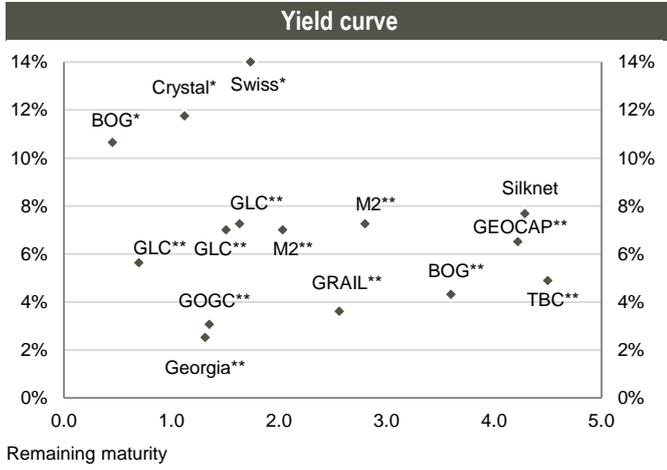


Source: Bloomberg

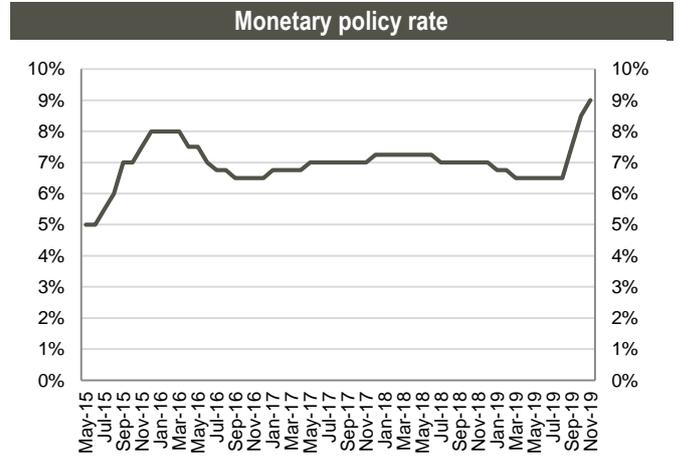
Note: Local currency bonds are not included except for Georgia

Source: Bloomberg

# Snapshot: Georgia

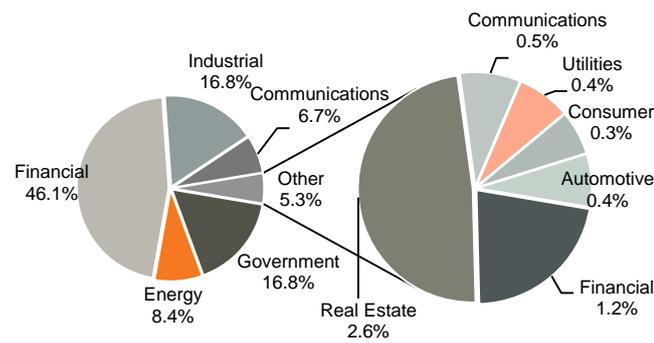


Remaining maturity  
\*In GEL; \*\*In US\$  
Source: Bloomberg, Galt & Taggart



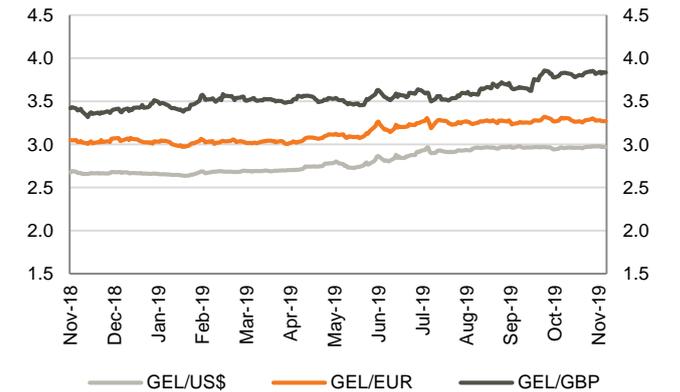
Source: National Bank of Georgia

### Bond universe by sector (US\$ 3.0bn total)



Source: Bloomberg

### Foreign exchange rates



Source: Bloomberg



**Bond performance**

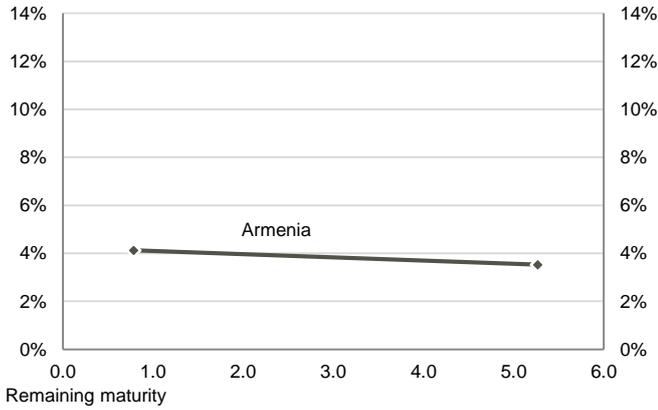
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's/Scope)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB/BB-/Ba2/-	500	105.54	2.52	London
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	110.00	3.61	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB/B+/-/-	250	104.81	3.06	London
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/-/Ba2/-	500	100.12	10.65	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/-/Ba2/-	350	105.57	4.31	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	N/A	11.13%	B-/-/-	100	104.80	10.21	Dublin
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-/B+/B2/-	300	98.62	6.50	Dublin
Silknet	US\$	Communications	SILNET	Apr-24	11.00%	B+/-/B1/-	200	111.90	7.67	Dublin
TBC Bank	US\$	Financial	TBCBGE	Jun-24	5.75%	BB-/-/Ba2/-	300	103.44	4.89	Dublin
TBC Bank	US\$	Financial	TBCBGE	N/A	10.78%	B-/-/-	125	102.52	10.52	Dublin
GWP	GEL	Utilities	GEWRPW	Dec-21	10.00%	BB-/-/-	30	N/A	N/A	Georgia
M2 Commercial Assets	US\$	Real Estate	\$M2C01L	Dec-21	7.50%	-/-/-	30	100.95	7.00	Georgia
M2 Real Estate	US\$	Real Estate	\$M205M	Oct-22	7.50%	-/-/-	35	100.62	7.25	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-	10	101.37	5.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-	5	99.29	7.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC04L	Aug-21	7.50%	B+/-/-	10	100.42	7.00	Georgia
Nikora Trade	GEL	Consumer	#NKR02L	Aug-21	10.50%	-/-/B+	25	N/A	N/A	Georgia
Silknet	GEL	Communications	#SLK01M	Apr-24	11.00%	B+/-/B1/-	34	N/A	N/A	Georgia
MFO Crystal	GEL	Financial	#CRS02L	Feb-21	10.50%	B-/-/-	15	100.53	12.25	Georgia
MFO Swiss Capital	GEL	Financial	N/A	Sep-21	12.75%	B-/-/-	10	100.75	14.50	Not Listed
Georgian Beer Company	GEL	Consumer	#GBC01N	Dec-23	10.50%	-/-/BB-	25	N/A	N/A	Georgia
Lisi Lake Development	US\$	Real Estate	\$LLD01L	Dec-21	8.00%	-/-/B+	12	N/A	N/A	Georgia
Tegeta 04/22	GEL	Automotive	N/A	Apr-22	10.75%	-/-/BB-	30	N/A	N/A	N/A

Source: Bloomberg, Galt & Taggart



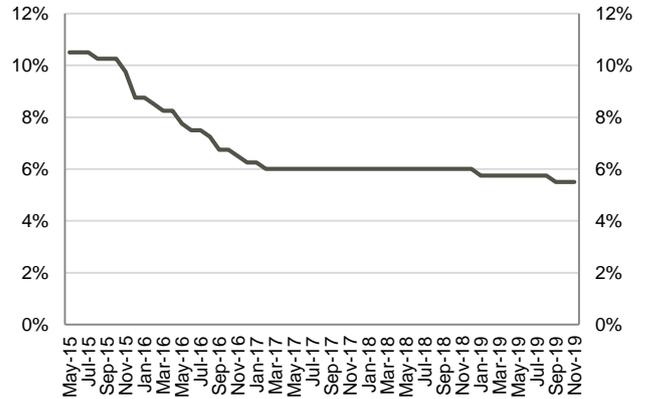
# Snapshot: Armenia

**Yield curve**



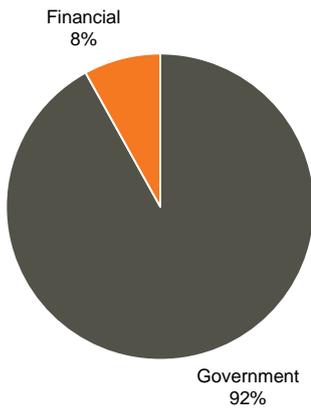
Source: Bloomberg

**Monetary policy rate**



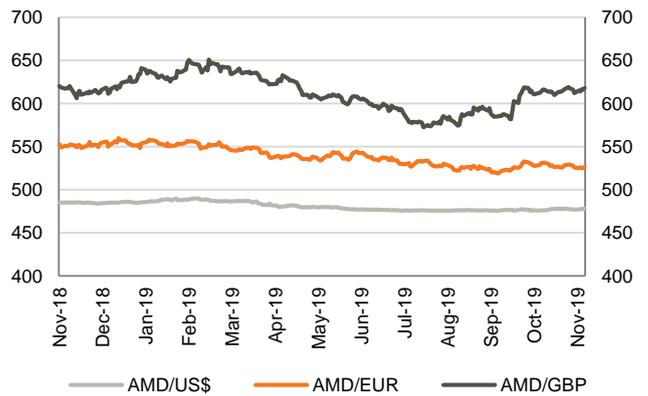
Source: Central Bank of Armenia

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



Source: Bloomberg  
Note: Local currency bonds not included

**Foreign exchange rates**



Source: Bloomberg

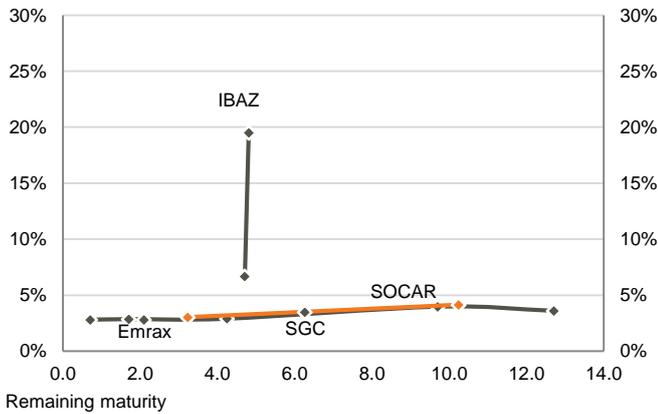
**Bond performance**

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Armenia	USD	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	102.34	2.90	Dublin
Republic Of Armenia	USD	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	117.27	3.52	Dublin
Ardshininvestbk	USD	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	N/A	N/A	Dublin
Armswissbank	USD	Financial	ARMSWI	Apr-20	8.50%	-/-	5	N/A	N/A	Armenia

Source: Bloomberg  
Note: Local currency bonds not included

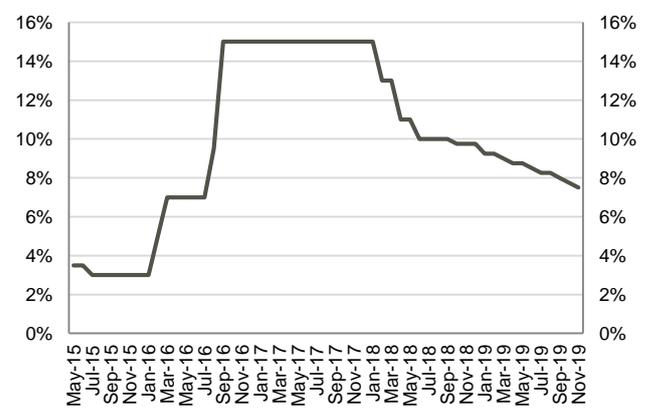
# Snapshot: Azerbaijan

Yield curve



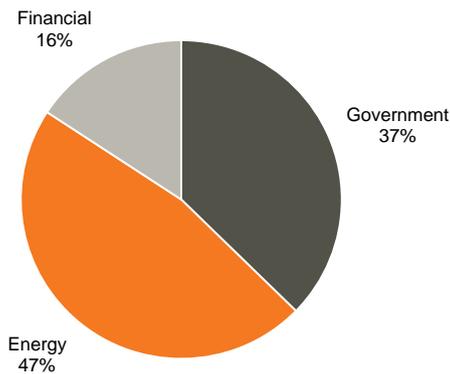
Source: Bloomberg

Monetary policy rate



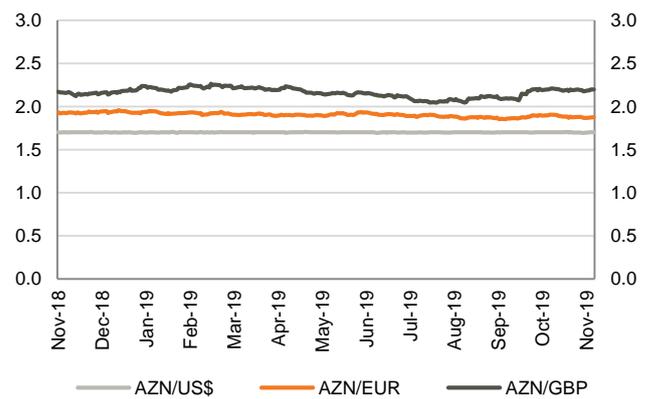
Source: Central Bank of Azerbaijan

Bond universe by sector (US\$ 8.0bn total)



Source: Bloomberg  
Note: Local currency bonds not included

Foreign exchange rates



Source: Bloomberg

Bond performance

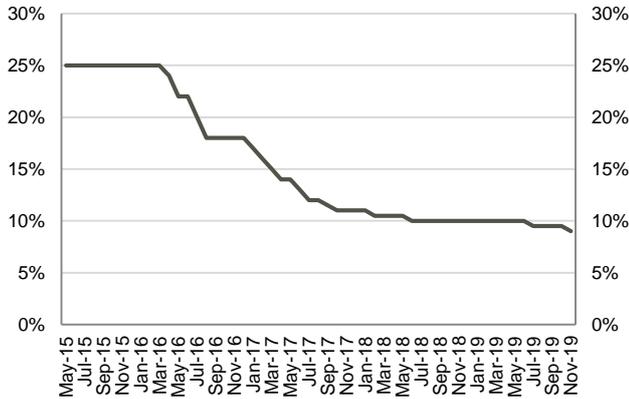
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	100.01	2.80	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	99.94	2.85	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	107.35	2.89	Stuttgart
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	109.32	3.96	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	99.06	3.59	Not Listed
Southern Gas Corridor	USD	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	118.90	3.48	Dublin
SOCAR	USD	Energy	SOIAZ	Mar-23	4.75%	BB+/BB-/Ba2	1,000	105.25	3.02	London
SOCAR	USD	Energy	SOIAZ	Mar-30	6.95%	BB+/BB-/NR	750	123.22	4.14	London
Emraxbank	USD	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	112.51	2.79	Baku
IBAZ	USD	Financial	IBAZAZ	Sep-24	3.50%	B-/-	1,000	87.37	6.68	Not Listed
IBAZ	USD	Financial	IBAZAZ	Oct-24	8.25%	-/WR	250	63.36	19.49	Dublin

Source: Bloomberg  
Note: Local currency bonds not included



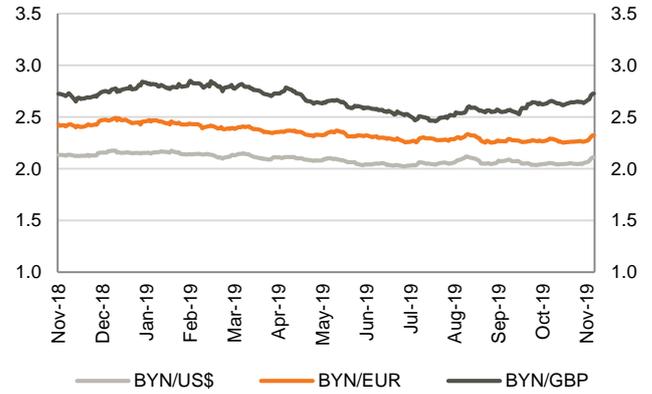
# Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

Bond performance

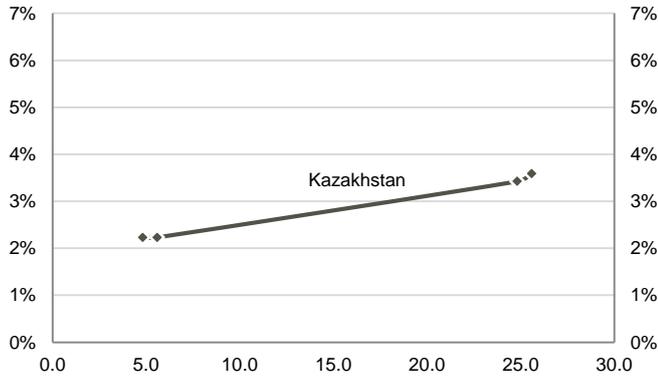
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Belarus	USD	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	106.88	4.52	Dublin
Republic Of Belarus	USD	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	113.89	5.36	Dublin
Republic Of Belarus	USD	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	106.36	5.38	Dublin

Source: Bloomberg

Note: Local currency bonds not included

# Snapshot: Kazakhstan

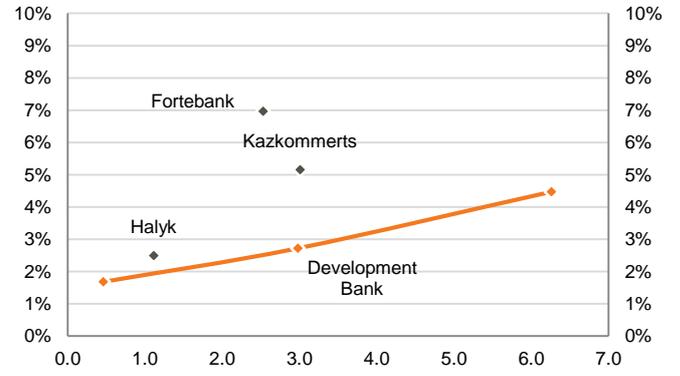
**Yield curve (sovereign)**



Remaining maturity

Source: Bloomberg

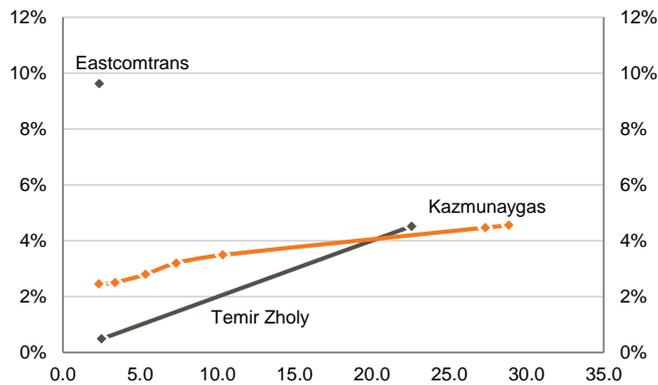
**Yield curve (banks)**



Remaining maturity

Source: Bloomberg

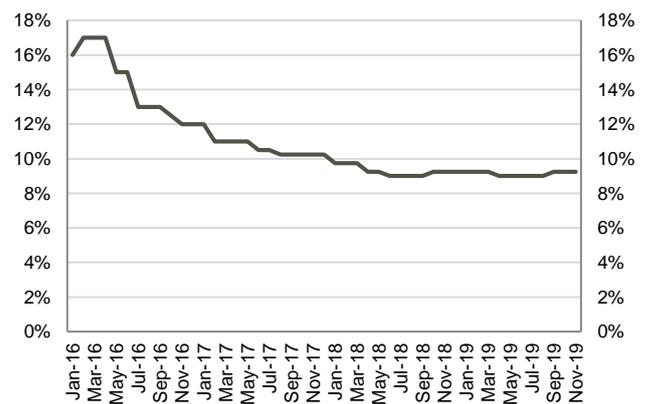
**Yield curve (other sectors)**



Remaining maturity

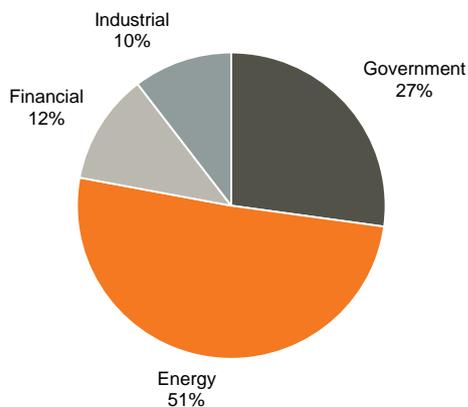
Source: Bloomberg

**Monetary policy rate**



Source: National Bank of Kazakhstan

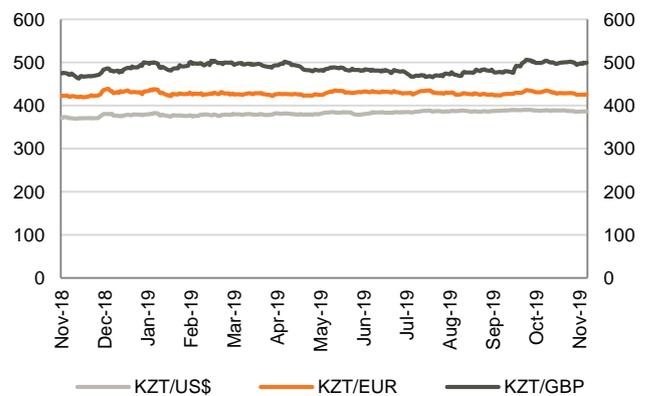
**Bond universe by sector (US\$ 27.6bn total)**



Source: Bloomberg

Note: Local currency bonds not included

**Foreign exchange rates**



Source: Bloomberg

**Bond performance**

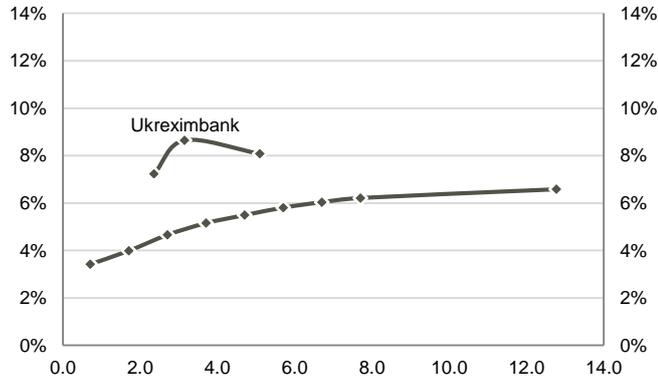
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Kazakhstan	USD	Government	KZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	107.45	2.23	London
Republic Of Kazakhstan	USD	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	115.11	2.23	London
Republic Of Kazakhstan	USD	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	124.08	3.43	London
Republic Of Kazakhstan	USD	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	148.39	3.59	London
Kazagro Natl Mgmt Hldg	USD	Government	KAZNMH	May-23	4.63%	WD/NR/WR	1,000	N/A	N/A	Dublin
Kazmunaygas National Co	USD	Energy	KZOKZ	May-20	7.00%	WD/BB/WR	1,500	N/A	N/A	Frankfurt
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-21	6.38%	WD/BB/WR	1,250	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-22	3.88%	BBB-/BB/Baa3	500	103.18	2.46	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	106.07	2.50	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-25	4.75%	BBB-/BB/Baa3	500	109.63	2.79	London
Kazmunaygas National Co	USD	Energy	KZOKZ	May-25	4.88%	BBB-/BB/Baa3	500	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-27	4.75%	BBB-/BB/Baa3	1,000	110.03	3.20	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-30	5.38%	BBB-/BB/Baa3	1,250	116.24	3.49	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-43	5.75%	WD/BB/WR	2,000	N/A	N/A	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Nov-44	6.00%	WD/NR/WR	1,000	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	120.07	4.47	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Oct-48	6.38%	BBB-/BB/Baa3	1,500	129.04	4.56	London
Kaztransgas	USD	Energy	KZTGKZ	Sep-27	4.38%	BBB-/BB/Baa3	750	105.07	3.62	Dublin
Development Bank Of Kaz.	USD	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	102.12	1.68	Kazakhstan
Development Bank Of Kaz.	USD	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	103.97	2.72	London
Development Bank Of Kaz.	USD	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	108.24	4.47	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Jun-22	14.00%	NR/B+/-	61	115.98	6.97	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Dec-24	11.75%	B/B+/-	237	110.20	N/A	Kazakhstan
Halyk Savings Bank-Kaz.	USD	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Baa3	500	105.12	2.49	London
Halyk Bank	USD	Financial	HSBKKZ	Dec-22	5.50%	BB/BB/-	750	100.95	5.15	Kazakhstan
Eastcomtrans Llp	USD	Industrial	EASTCM	Apr-22	8.00%	WD/-/B3	100	96.66	9.62	London
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Oct-20	6.38%	WD/NR/WR	700	N/A	N/A	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-22	3.64%	BBB-/BB/Baa3	185	107.79	0.49	Zurich
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Nov-27	4.85%	BBB-/BB/Baa3	780	N/A	N/A	Dublin
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Jul-42	6.95%	BBB-/BB/Baa3	1,100	134.21	4.52	London

Source: Bloomberg

Note: Local currency bonds not included

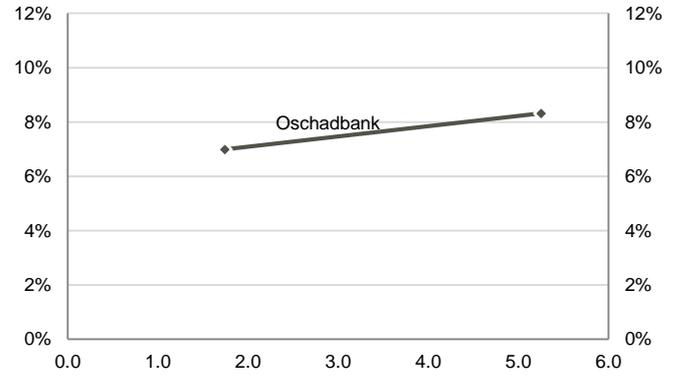
# Snapshot: Ukraine

**Yield curve (sovereign)**



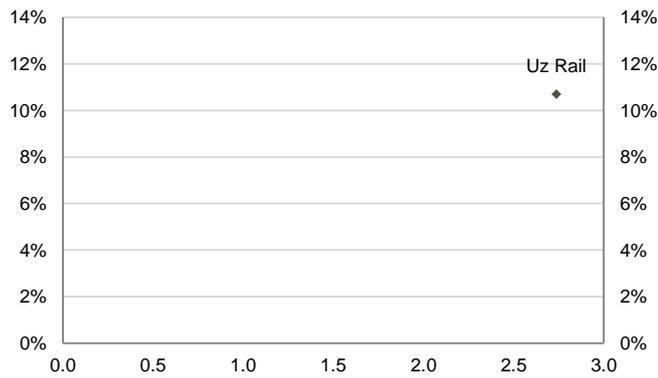
Remaining maturity  
Source: Bloomberg

**Yield curve (banks)**



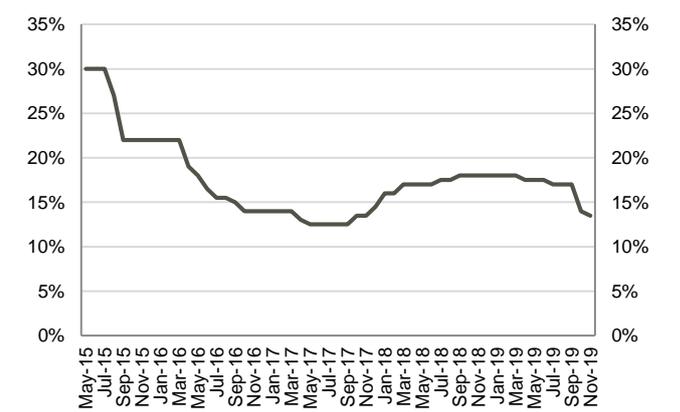
Remaining maturity  
Source: Bloomberg

**Yield curve (other sectors)**



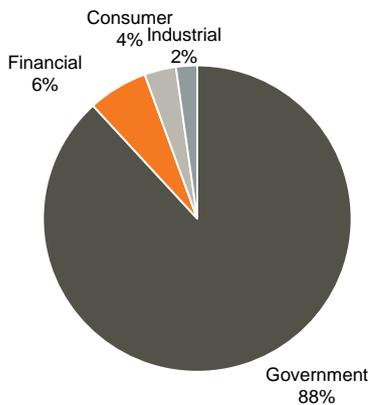
Remaining maturity  
Source: Bloomberg

**Monetary policy rate**



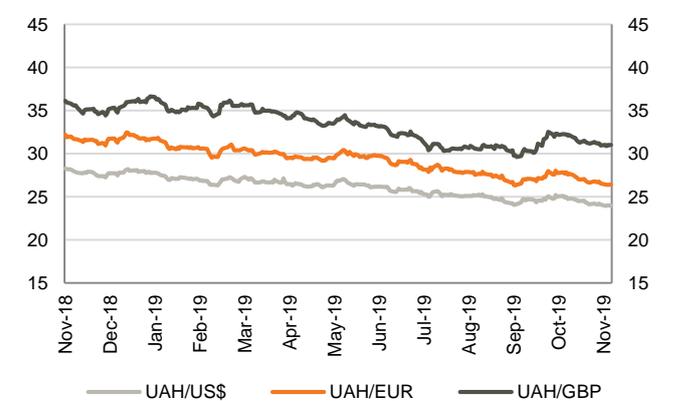
Source: National Bank of Ukraine

**Bond universe by sector (US\$ 22.6bn total)**



Source: Bloomberg  
Note: Local currency bonds not included

**Foreign exchange rates**



Source: Bloomberg



**Bond performance**

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Ukraine Government	USD	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	102.92	3.42	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	106.07	3.99	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	107.72	4.66	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	108.60	5.16	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	109.21	5.49	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	109.28	5.81	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	109.29	6.04	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	109.25	6.22	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-32	7.38%	B-/B/-	3,000	106.77	6.58	Dublin
Ukraine Government	USD	Government	UKRAIN	May-40	0.00%	-/B/-	3,239	95.86	N/A	Dublin
Aid-Ukraine	USD	Government	AID	Sep-21	1.47%	-/-	1,000	99.60	1.70	Frankfurt
Ukreximbank	USD	Government	EXIMUK	Apr-22	9.63%	B-/Caa1	750	105.07	7.23	Dublin
Ukreximbank	USD	Government	EXIMUK	Feb-23	9.77%	CCC-/Caa2	125	100.70	8.64	Dublin
Ukreximbank	USD	Government	EXIMUK	Jan-25	9.75%	B-/Caa1	600	106.85	8.08	Dublin
MHP	USD	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	N/A	N/A	Dublin
Privatbank	USD	Financial	PRBANK	Feb-21	11.00%	-/-	220	N/A	N/A	Zurich
Oschadbank	USD	Financial	OSCHAD	Mar-23	9.38%	B-/Caa1	700	105.31	7.48	Dublin
Oschadbank	USD	Financial	OSCHAD	Mar-25	9.63%	B-/Caa1	500	105.45	8.32	Dublin
Uz Rail Via Shortline	USD	Industrial	RAILUA	Sep-21	9.88%	B-/B/-	500	104.60	6.99	Dublin

Source: Bloomberg

Note: Local currency bonds not included



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### **Galt & Taggart**

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

**Tel:** + (995) 32 2401 111

**Email:** gt@gt.ge