



Weekly Market Watch

Weekly Market Watch | Georgia
Feb 26, 2018

Economy

Exports up 26.0% y/y in January 2018

In January 2018, exports increased 26.0% y/y to US\$ 222.7mn, imports were up 18.2% y/y to US\$ 593.9mn and the trade deficit widened 13.9% y/y to US\$ 371.2mn, according to GeoStat.

In January 2018, copper (+2.9% y/y), ferro-alloys (+15.5% y/y), cars (+45.1% y/y), wine (+30.1% y/y) and petroleum (20.7x Higher) were the top 5 exported commodities; A 28.8% of exports was directed to the EU (+21.4% y/y), 36.3% were directed to the CIS (+23.5% y/y) and 34.9% to other countries (+32.9% y/y).

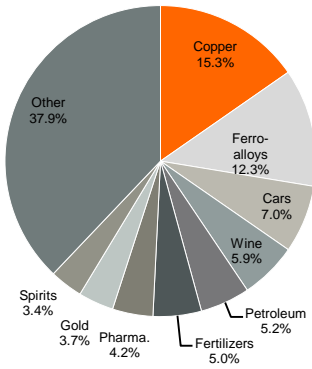
Petroleum (+143.6% y/y), gases (-8.2% y/y), cars (-2.6% y/y), copper (+18.8% y/y) and pharmaceuticals (-60.2% y/y) represented the top 5 imported commodities in January 2018.

Producer price index up 1.6% m/m and up 8.0% y/y in January 2018

PPI for industrial goods was up 1.6% m/m in January 2018, according to GeoStat. A 14.3% price increase for electrical energy, gas, steam and hot water contributed the most to the overall index change. Prices were also up for products from mining and quarrying (+1.6% m/m), while prices were down (-0.5% m/m) for manufactured products.

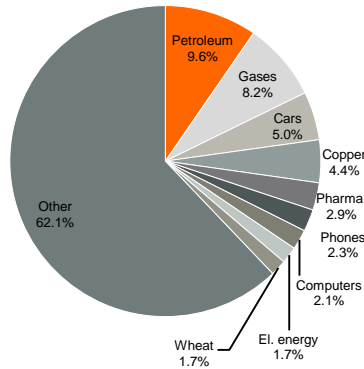
Annual PPI was up 8.0% in January 2018. Rising prices in manufacturing (+6.9% y/y) contributed the most to the overall index change. Prices were also up for supply of electricity, gas and water (+14.0% y/y) and for mining and quarrying (+9.4% y/y).

Exports by commodities, 1M18



Source: GeoStat

Imports by commodities, 1M18



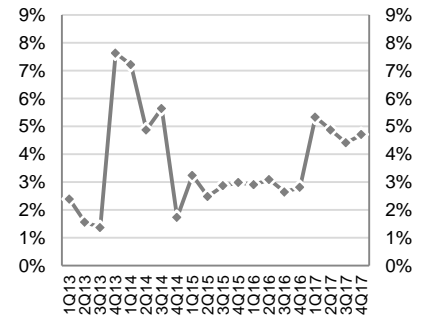
Key macro indicators

	1M18	2017	2016
GDP (% change)	...	4.8%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US\$)	3,865
Population (mn)	3.7	3.7	3.7
Inflation (eop)	4.3%	6.7%	1.8%
Gross reserves (US\$ bn)	3.1	3.0	2.8
CAD (% of GDP)	...	7.1% ⁽¹⁾	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.6%

Source: Official data, IMF

(1) As of 9M17

Real GDP growth, %



Source: GeoStat

Note: Rapid estimate for 4Q17

International ranking, 2017-18

- Ease of Doing Business # 9 (Top 10)
- Economic Freedom Index # 16 (mostly free)
- Global Competitiveness Index # 67

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed May-2017	 Ba2 Stable Affirmed Sep-2017	 BB- Stable Affirmed Sep-2017
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Source: Rating agencies



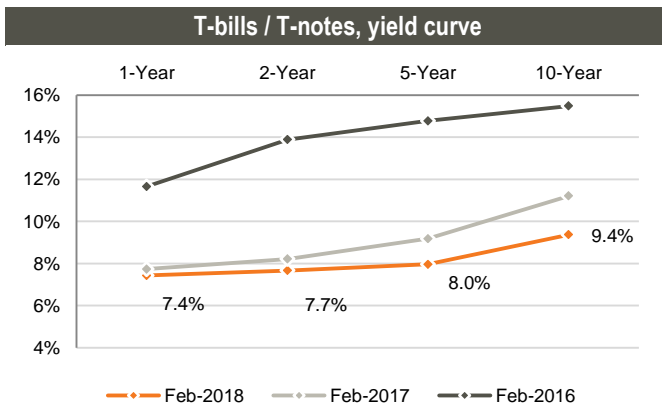
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 970.0mn (US\$ 392.9mn).

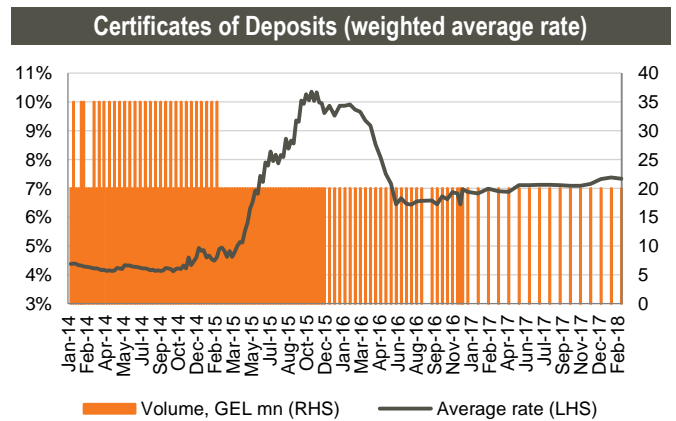
Certificates of deposit: NBG sold 91-day, GEL 20mn (US\$ 8.1mn) certificates of deposit, with an average yield of 7.34% (down 0.04ppts from previous issue).

Ministry of Finance Treasury Notes:

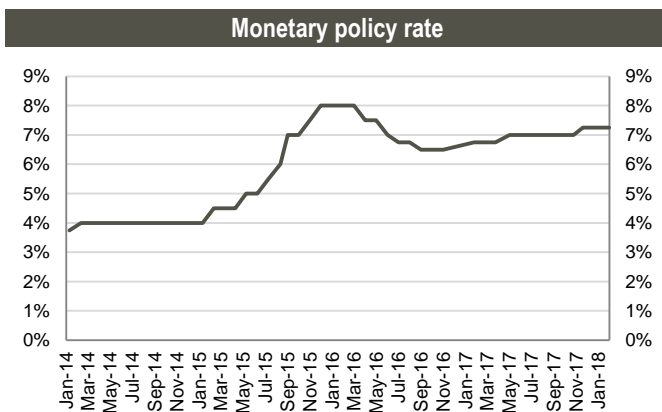
5-year GEL 30.0mn (US\$ 12.1mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on February 21, 2018. The weighted average yield was fixed at 7.963%. The nearest treasury security auction is scheduled for March 7, 2018, where GEL 40.0mn nominal value 1-year T-Bills will be sold.



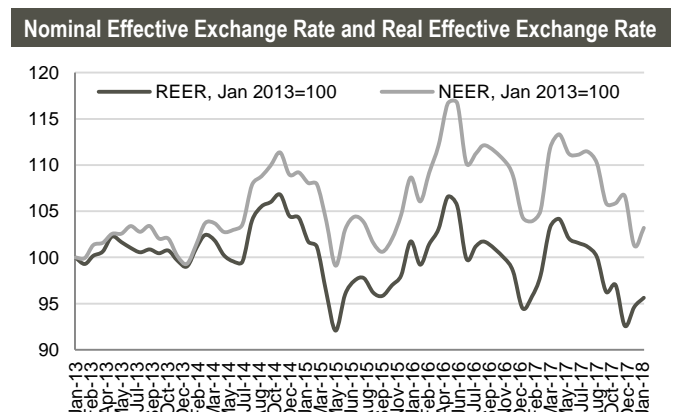
Source: NBG



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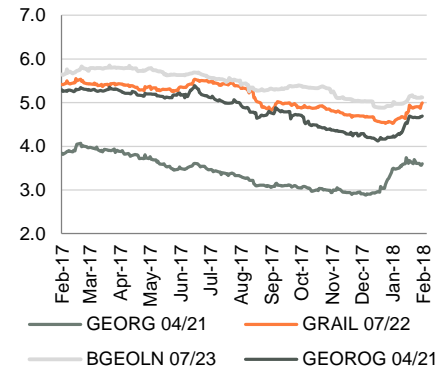
Source: NBG

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

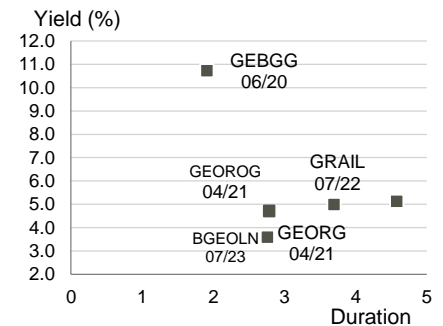
Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.1% yield, trading at 104.1 (-0.1% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. GOGC Eurobonds (GEOROG) were trading at 105.9 (-0.2% w/w), yielding 4.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 110.8 (-0.3% w/w), yielding 5.0%.

Georgian Sovereign Eurobonds (GEORG) closed at 109.6 (+0.1% w/w) at 3.6% yield to maturity.

Georgia Eurobonds, YTM (%)


Source: Bloomberg

Georgian Eurobond universe


Source: Bloomberg

	Local bonds					Eurobonds				
	GWP 12/21	M2RE 10/19	Nikora 03/18	Nikora 06/19	GLC 08/20	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	5.0	10.0	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	08/17	8/17	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	06/19	8/20	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	9.0	7.00	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/-/-	-/-/-	-/-/-	-/-/-	n/a	BB-/-/Ba2	BB-/B+/-	BB-/-/B1	BB-/BB-/Ba2	B+/B+/-
Mid price, US\$	n/a	103.1	101.3	101.3	101.15	100.5	105.9	104.1	109.6	110.8
Mid yield, %	n/a	5.5%	8.5%	3.8%	6.50%	10.7	4.7	5.1	3.6	5.0
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	209.8	237.7	97.0	228.8

Source: Bloomberg

 *GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari
 **Coupon rate 3.5% over the NBG's refinancing rate

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-/Ba2	109.6	3.6	97.0
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	101.4	4.5	171.8
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	116.7	0.1	-31.2
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.2	1.2	85.5
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	109.4	3.2	55.7
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	111.9	3.5	81.2
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	104.2	3.0	50.5
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba1	104.1	4.2	158.0

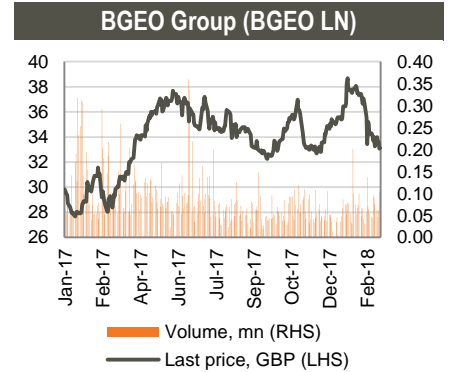
Source: Bloomberg

Equities

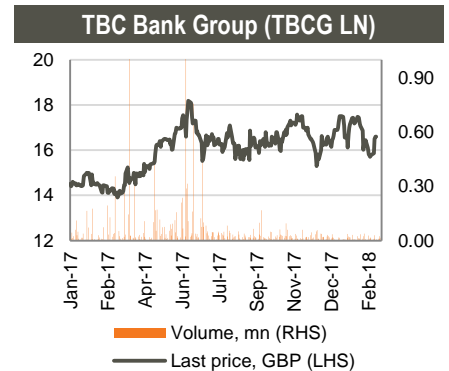
BGEO Group (BGEO LN) shares closed at GBP 33.12/share (-0.42% w/w and -12.70% m/m). More than 390k shares traded in the range of GBP 32.88 – 34.44/share. Average daily traded volume was 68k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.34% w/w and lost 4.21% m/m. The volume of BGEO shares traded was at 0.99% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.66 (+0.36% w/w and -4.58% m/m). More than 72k shares changed hands in the range of GBP 16.20 – 16.98 share. Averaged daily traded volume was 14k in the last 4 weeks.

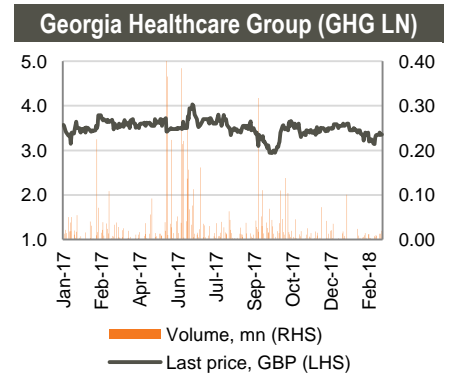
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.36/share (+0.08% w/w and -2.75% m/m). More than 53k shares were traded in the range of GBP 3.35 – 3.50/share. Average daily traded volume was 7k in the last 4 weeks. The volume of GHG shares traded was at 0.04% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Eastern European Banks

	Tick er	Share price, US\$	MCap US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
BGEO	BGEO	33.12*	1,822	-12.7%	-0.4%	-4.4%	-6.9%	14.3%
TBC	TBC	16.66*	1,232	-4.6%	1.8%	4.1%	-4.8%	16.9%
Halyk Bank	HSBK	14.45	3,972	15.6%	49.6%	40.3%	46.3%	124.0%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	-53.4%
VTB Bank	VTBR	2.00	12,961	3.9%	4.7%	-0.5%	9.3%	-12.5%
Vozrozhdenie Bank	VZRZ	8.77	208	-2.2%	-12.9%	-10.4%	0.7%	-33.6%
Sberbank	SBER	20.30	109,554	8.5%	21.8%	62.4%	19.9%	71.2%

Source: Bloomberg

*BGEO and TBC share prices traded and shown in GBP

Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG	3.355*	617	-2.8%	-1.3%	-2.5%	-5.5%	-8.7%
Mouwasat	MOUWASAT	48.33	2,417	7.8%	13.0%	12.2%	19.7%	33.0%
Fortis	FORH	2.47	1,279	4.5%	20.6%	3.5%	-1.9%	-16.1%
Raffles	RFMD	0.83	1,475	-3.7%	2.8%	-1.4%	-0.6%	-18.7%
IHH	IHH	1.55	12,748	1.2%	12.5%	10.3%	7.2%	11.9%
Bangkok Chain	BCH	0.52	1,293	4.2%	10.7%	21.0%	4.3%	31.4%
Netcare	NTC	2.22	3,270	4.6%	39.1%	17.8%	9.5%	-11.5%

Source: Bloomberg

*GHG share price traded and shown in GBP



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