



Weekly Market Watch

Weekly Market Watch | Georgia
Feb 12, 2018

Economy

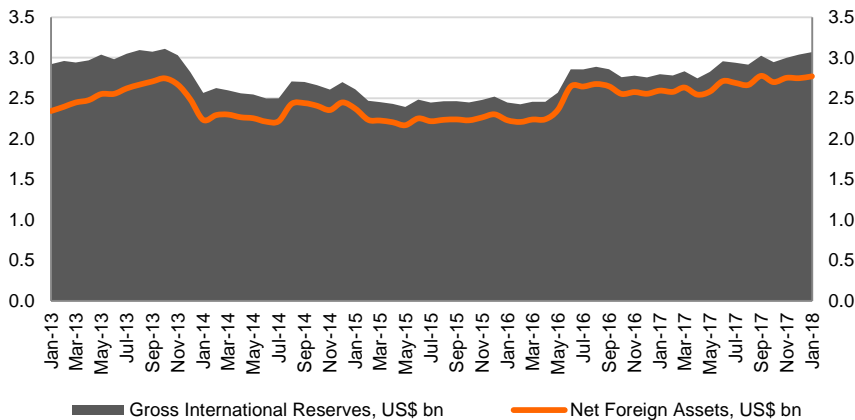
Tourist arrivals up 23.0% y/y in January 2018

Total international arrivals to Georgia increased 14.8% y/y to 0.44mn visitors in January 2018, according to the Ministry of Internal Affairs. A 23.0% y/y growth in tourist arrivals (0.19mn persons, 42.7% of total) drove arrival growth. Out of top countries by arrivals, in January 2018, visitors continued to increase from Armenia (+20.9% y/y), Russia (+14.6% y/y), Azerbaijan (+0.8% y/y), Turkey (+20.1% y/y) and Iran (+92.4% y/y). Arrivals from EU were up 13.8% y/y to over 12,100 visitors.

International reserves up 9.7% y/y in January 2018

Gross international reserves were up 9.7% y/y to US\$ 3.1bn in January 2018, while reserves were up 1.0% m/m, according to NBG. There were no FX interventions by central bank in January. Change in reserves was attributed to government FX operations and/or asset revaluation.

International reserves



Source: NBG

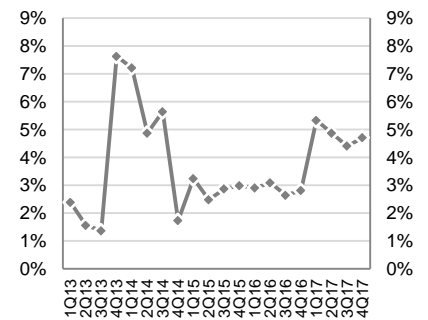
Key macro indicators

	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

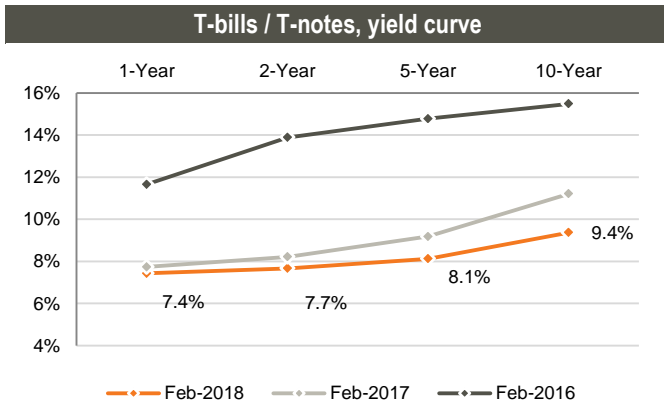


Money market

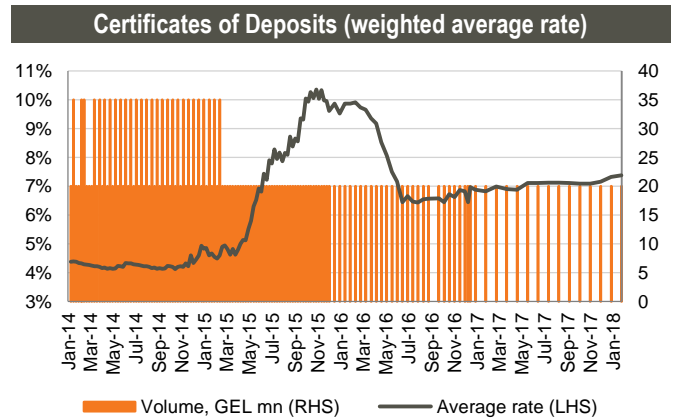
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 950.0mn (US\$ 384.9mn).

Ministry of Finance Treasury Bills:

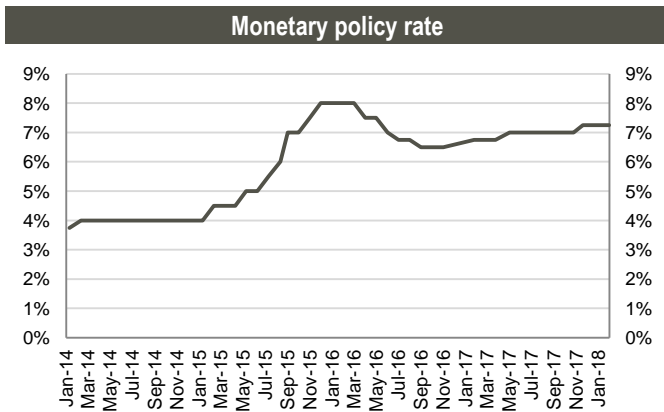
1-year GEL 40.0mn (US\$ 16.2mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on February 7, 2018. The weighted average yield was fixed at 7.429%. The nearest treasury security auction is scheduled for February 14, 2018, where GEL 40.0mn nominal value 2-year T-Notes and GEL 20.0mn nominal value 182-days T-Bills will be sold.



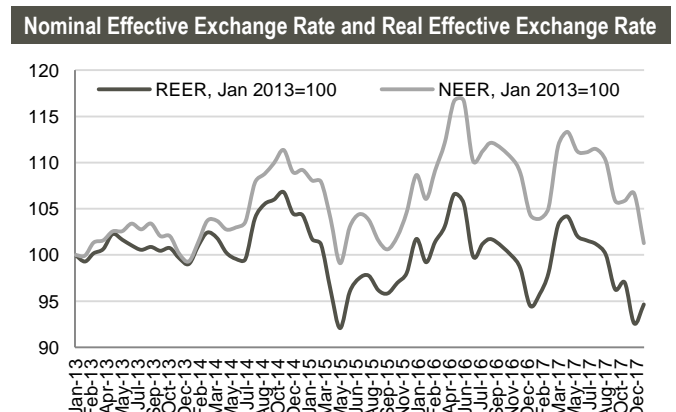
Source: NBG



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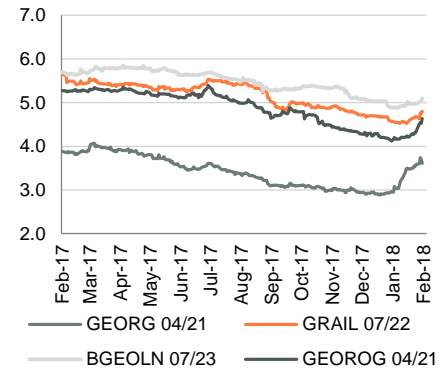
Source: NBG

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 104.0 (-0.9% 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 106.0 (-1.2% w/w), yielding 4.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 111.2 (-0.9% w/w), yielding 4.9%.

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

Georgia Eurobonds, YTM (%)


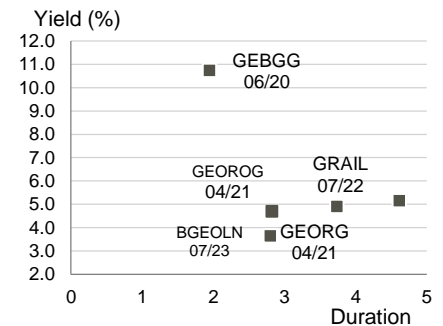
Source: Bloomberg

	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	101.19	100.5	106.0	104.0	109.6	111.2
Mid yield, %	n/a	5.5%	8.5%	3.8%	6.50%	10.7	4.7	5.1	3.6	4.9
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	220.4	248.6	113.6	231.5

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

Georgian Eurobond universe


Source: Bloomberg

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	113.6
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	102.4	4.3	159.9
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	116.8	0.1	-29.8
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.4	1.1	80.6
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	109.7	3.1	59.8
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	112.4	3.4	83.1
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	104.3	3.0	61.7
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba1	104.2	4.2	168.8

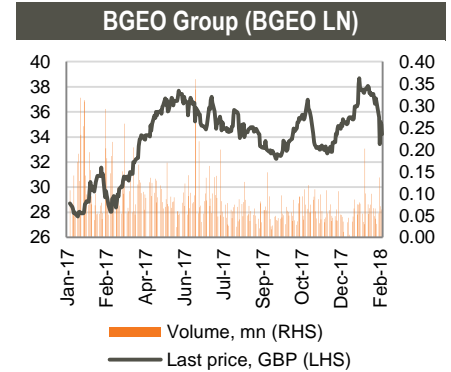
Source: Bloomberg

Equities

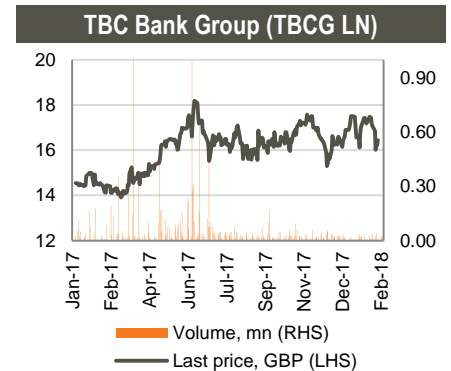
BGEO Group (BGEO LN) shares closed at GBP 33.42/share (-9.63% w/w and -8.29% m/m). More than 379k shares traded in the range of GBP 33.42 – 36.86/share. Average daily traded volume was 73k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 5.44% w/w and lost 7.98% m/m. The volume of BGEO shares traded was at 0.96% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 15.80 (-1.37% w/w and -4.59% m/m). More than 69k shares changed hands in the range of GBP 15.30 – 16.50 share. Averaged daily traded volume was 15k in the last 4 weeks.

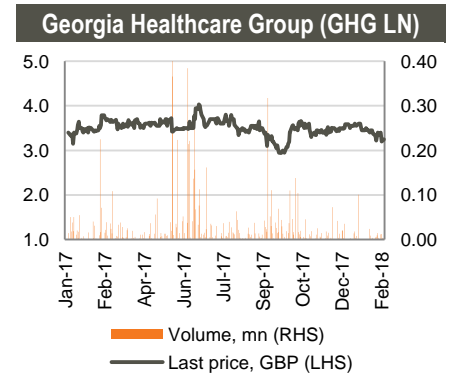
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.20/share (-0.62% w/w and -9.86% m/m). More than 31k shares were traded in the range of GBP 3.20 – 3.45/share. Average daily traded volume was 6k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.



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	33.42*	1,837	-8.3%	-9.6%	-7.2%	-6.0%	12.7%
TBC	TBC	15.8*	1,167	-4.6%	-8.7%	-4.6%	-9.7%	9.1%
Halyk Bank	HSBK	12.60	3,464	16.7%	29.9%	34.0%	27.5%	119.1%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	-52.3%
VTB Bank	VTBR	1.80	11,664	-8.7%	-13.5%	-11.8%	-1.6%	-21.7%
Vozrozhdenie Bank	VZRZ	8.80	209	0.3%	-14.7%	-11.8%	1.1%	-33.3%
Sberbank	SBER	19.10	103,078	4.2%	33.9%	57.0%	12.8%	60.0%

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	3.2*	588	-9.9%	-11.1%	-8.6%	-9.9%	-7.2%
Mouwasat	MOUWASAT	43.90	2,195	7.0%	0.3%	7.5%	8.7%	17.0%
Fortis	FORH	1.78	924	-31.0%	-19.7%	-30.7%	-29.1%	-35.7%
Raffles	RFMD	0.83	1,476	-1.3%	-3.0%	-3.7%	-0.6%	-19.2%
IHH	IHH	1.50	12,375	3.1%	14.1%	8.5%	4.1%	5.7%
Bangkok Chain	BCH	0.51	1,274	5.4%	1.9%	21.5%	2.7%	28.7%
Netcare	NTC	2.07	3,038	4.9%	18.0%	13.7%	1.8%	-12.4%

Source: Bloomberg

*GHG share price traded and shown in GBP



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Galt & Taggart

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

Tel: + (995) 32 2401 111

Email: gt@gt.ge