



Weekly Market Watch

Weekly Market Watch | Georgia
Dec 4, 2017

Economy

Real GDP growth was 5.7% y/y in October 2017

Georgia's economy expanded 5.7% y/y in October 2017, highest monthly growth since July 2014, according to GeoStat's rapid estimates. Overall, in 10M17 real GDP growth was 4.9% y/y (growth was 2.4% y/y in 10M16). In October 2017, the growth was recorded in hotels and restaurants, manufacturing, trade and transport sectors, while growth was down in construction and real estate operations. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics.

Tbilisi hosted Belt & Road Forum 2017

On November 28-29, 2017, Tbilisi Belt and Road biennial high-level Forum of 2017 hosted over 2000 government officials, international organizations, experts and business representatives to discuss issues pertaining to the constantly evolving regional and global trade landscape, including trade facilitation, opportunities of e-commerce and digital connectivity, transport infrastructure and energy sector. The Forum also offered companies opportunities to participate in business-to-business meetings to network, share experiences and knowledge.

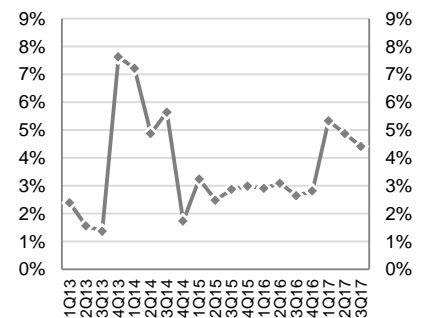
Key macro indicators

	10M17	2016	2015
GDP (% change)	4.9%	2.8%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US\$)	...	3,865	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.4%	1.8%	4.9%
Gross reserves (US\$ bn)	2.9	2.8	2.5
CAD (% of GDP)	9.3% ⁽¹⁾	12.8%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

Source: Official data, IMF

(1) As of 1H17

Real GDP growth, %



Source: GeoStat

Note: Rapid estimate for 3Q17

International ranking, 2017-18

Ease of Doing Business # 9 (Top 10)
Economic Freedom Index # 13 (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

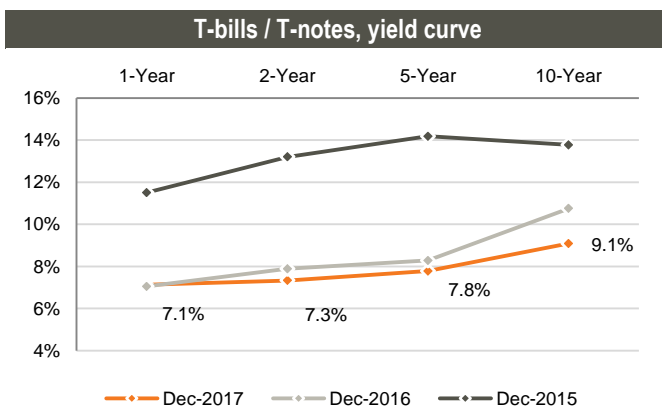
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,120mn (US\$ 411.4mn).

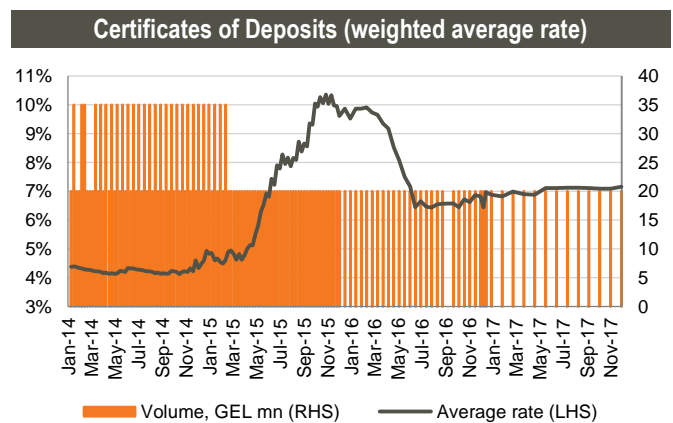
Certificates of deposit: NBG sold 91-day, GEL 20mn (US\$ 7.3mn) certificates of deposit, with an average yield of 7.16% (up 0.07ppts from previous issue).

Ministry of Finance Treasury Notes:

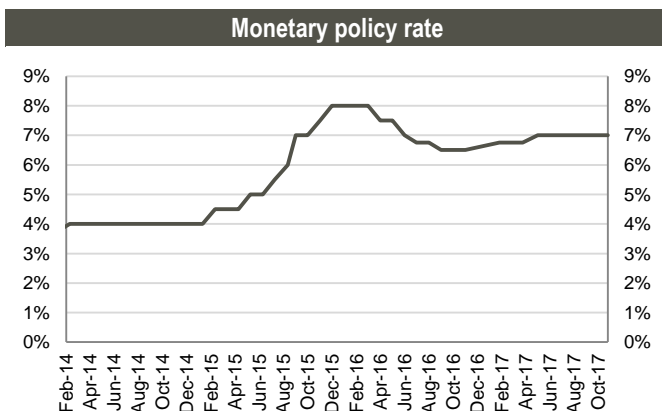
5-year GEL 20.0mn (US\$ 7.3mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on November 29, 2017. The weighted average yield was fixed at 7.778%. The nearest treasury security auction is scheduled for December 6, 2017, where GEL 20.0mn nominal value 1-year T-Bills will be sold.



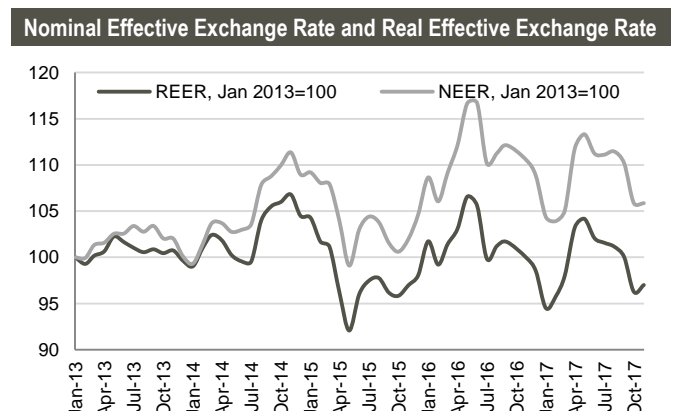
Source: NBG



Source: NBG



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

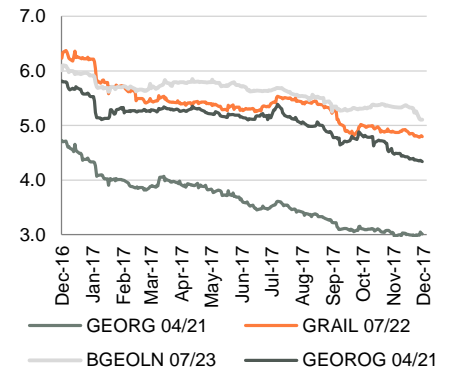


Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.1% yield, trading at 104.3 (+0.7% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.8%. GOGC Eurobonds (GEOROG) were trading at 107.5 (unchanged w/w), yielding 4.3%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 112.1 (+0.1% w/w), yielding 4.8%.

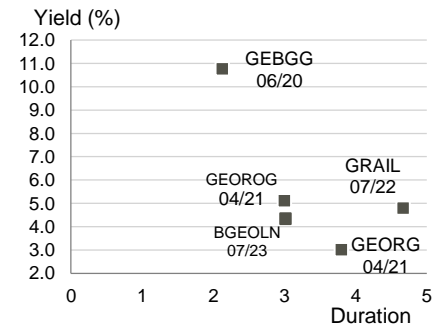
Georgian Sovereign Eurobonds (GEORG) closed at 112.2 (-0.1% w/w) at 3.0% yield to maturity.

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	101.4	101.1	100.0	101.72	100.5	107.5	104.3	112.2	112.1
Mid yield, %	n/a	7.00%	8.5%	8.5%	6.50%	10.8	4.3	5.1	3.0	4.8
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	222.7	89.5	260.7	287.5

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

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	112.2	3.0	89.5
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	102.9	4.2	196.1
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	118.5	-0.1	-49.5
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.8	1.2	101.8
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	111.8	2.6	54.0
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	115.0	2.9	73.4
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	105.5	2.6	59.2
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba1	105.0	4.0	190.4

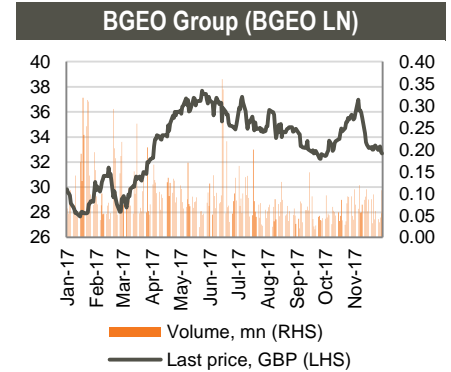
Source: Bloomberg

Equities

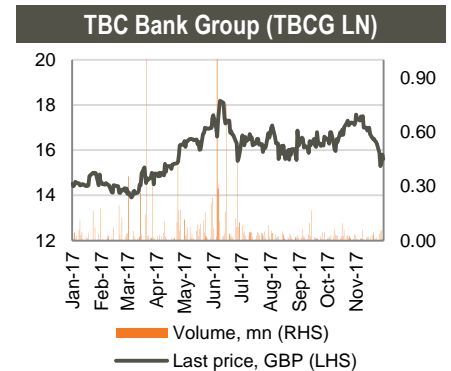
BGEO Group (BGEO LN) shares closed at GBP 32.69/share (-1.95% w/w and -7.66% m/m). More than 284k shares traded in the range of GBP 32.28 – 33.53/share. Average daily traded volume was 70k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.25% w/w and lost 2.14% m/m. The volume of BGEO shares traded was at 0.72% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 15.60 (-4.18% w/w and -9.57% m/m). More than 162k shares changed hands in the range of GBP 15.28 – 16.33 share. Averaged daily traded volume was 22k in the last 4 weeks.

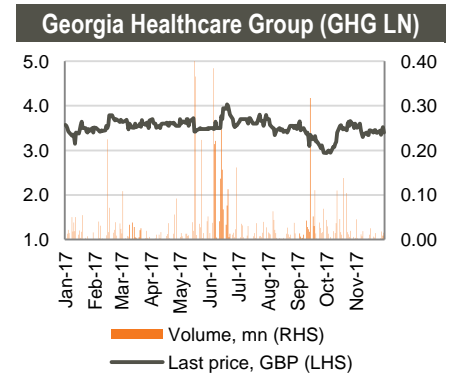
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.40/share (+0.15% w/w and -5.56% m/m). More than 47k shares were traded in the range of GBP 3.35 – 3.52/share. Average daily traded volume was 8k in the last 4 weeks. The volume of GHG shares traded was at 0.04% of its capitalization.



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	32.69*	1,739	-7.7%	-5.7%	-12.1%	9.6%	7.6%
TBC	TBC	15.60*	1,116	-9.6%	-3.6%	-10.3%	7.4%	15.6%
Halyk Bank	HSBK	9.77	2,686	1.7%	-3.3%	29.6%	63.1%	74.5%
KKB	KKB	0.68	712	0.0%	0.0%	-38.2%	-52.9%	-50.0%
VTB Bank	VTBR	1.84	11,950	-11.3%	-15.6%	-17.3%	-22.7%	-12.1%
Vozrozhdenie Bank	VZRZ	10.00	238	1.4%	0.7%	-24.2%	-18.3%	-9.4%
Sberbank	SBER	16.25	87,697	12.5%	19.6%	46.5%	40.4%	60.4%

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	3.40*	605	-5.6%	-2.2%	-2.3%	-4.8%	-5.6%
Mouwasat	MOUWASAT	43.64	2,182	2.7%	1.6%	7.9%	10.8%	18.0%
Fortis	FORH	2.22	1,153	0.2%	-4.8%	-27.8%	-16.4%	-12.7%
Raffles	RFMD	0.79	1,395	-6.8%	-2.8%	-20.9%	-20.3%	-22.7%
IHH	IHH	1.38	11,356	3.4%	-1.7%	0.2%	-2.6%	-4.3%
Bangkok Chain	BCH	0.48	1,200	-3.3%	8.6%	31.6%	16.6%	16.2%
Netcare	NTC	1.66	2,427	-6.1%	-11.3%	-18.3%	-28.5%	-24.8%

Source: Bloomberg

*GHG share price traded and shown in GBP



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