



# Weekly Market Watch

Weekly Market Watch | Georgia  
Feb 19, 2018

## Economy

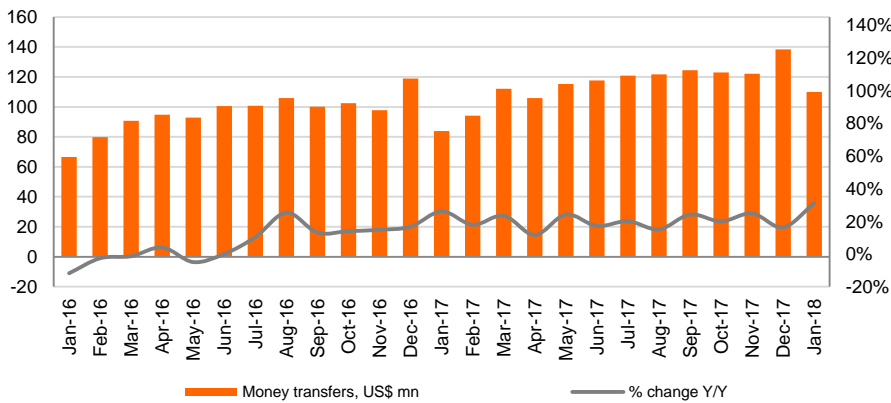
### Exports up 25.7% y/y in January 2018

In January 2018, exports increased 25.7% y/y to US\$ 222.2mn, imports were up 18.1% y/y to US\$ 593.6mn and the trade deficit widened 14.0% y/y to US\$ 371.4mn according to GeoStat's preliminary figures. Detailed foreign trade statistics will be available on February 19, 2018.

### Money transfers up 31.1% y/y in January 2018

In January 2018, money transfers increased 31.1% y/y to US\$ 110.0mn after growing 16.3% y/y in previous month, according to NBS. Money transfers were up from all major remitting countries: Russia (+17.0% y/y, 28.1% of total), Italy (+43.1% y/y, 12.5% of total), Greece (+33.4% y/y, 11.3% of total), Israel (+84.3% y/y, 10.7% of total), USA (+13.3% y/y, 9.7% of total) and Turkey (+41.3% y/y, 8.0% of total).

### Money transfers



Source: NBS

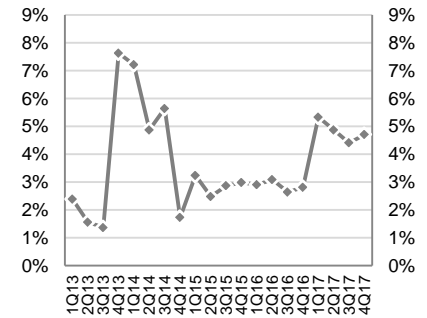
### Key macro indicators

	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% <sup>(1)</sup>	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

 <b>BB-</b> Stable Affirmed May-2017	 <b>Ba2</b> Stable Affirmed Sep-2017	 <b>BB-</b> Stable Affirmed Sep-2017
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Source: Rating agencies

# Money market

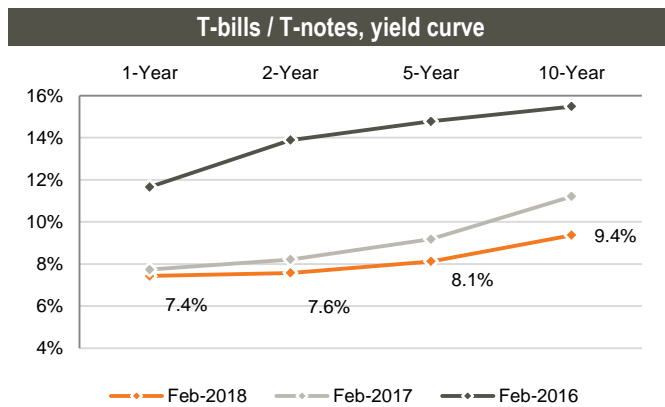
**Refinancing loans:** National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 960.0mn (US\$ 392.2mn).

## Ministry of Finance Treasury Notes:

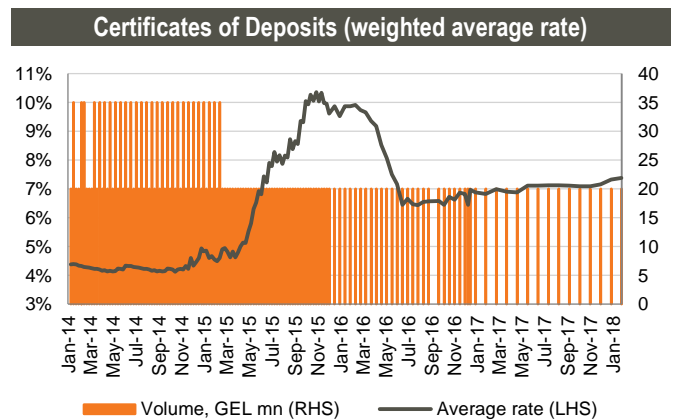
2-year GEL 40.0mn (US\$ 16.4mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on February 14, 2018. The weighted average yield was fixed at 7.573%. The nearest treasury security auction is scheduled for February 21, 2018, where GEL 30.0mn nominal value 5-year T-Notes will be sold.

## Ministry of Finance Treasury Bills:

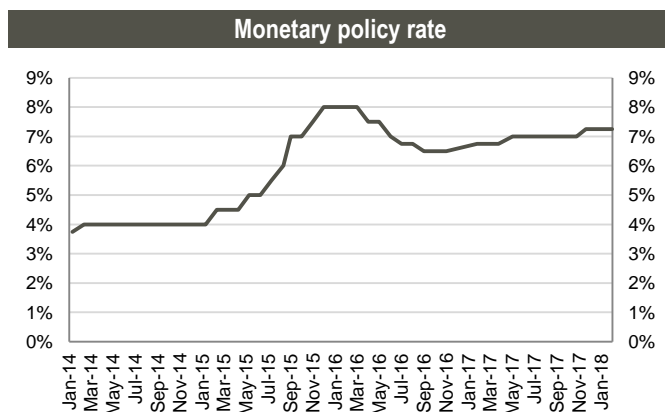
182-days GEL 20.0mn (US\$ 8.2mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on February 14, 2018. The weighted average yield was fixed at 7.319%.



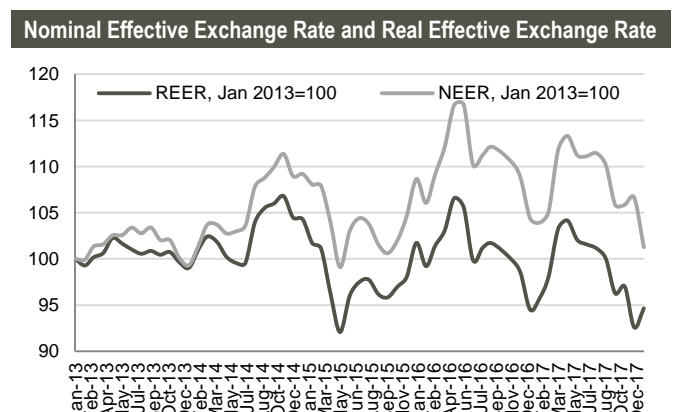
Source: NBG



Source: NBG



Source: NBG



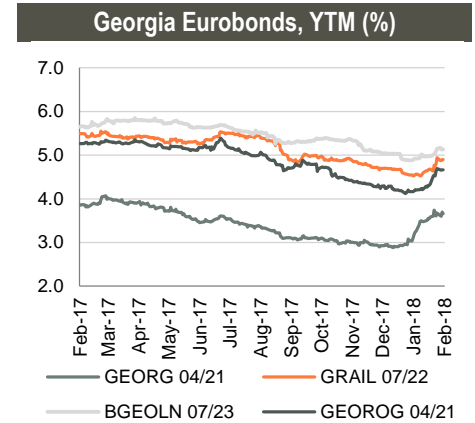
Source: NBG

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 104.2 (+0.2% 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 106.1 (+0.1% w/w), yielding 4.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 111.1 (-0.1% w/w), yielding 4.9%.

**Georgian Sovereign Eurobonds** (GEORG) closed at 109.5 (-0.1% w/w) at 3.6% yield to maturity.

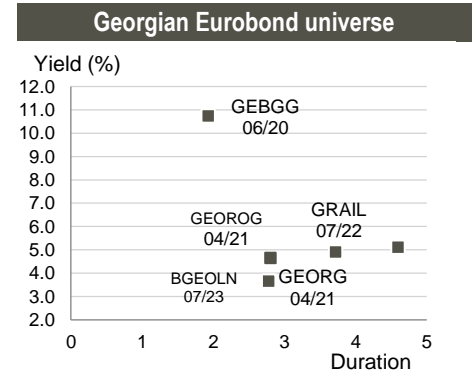


	Local bonds					Eurobonds				
	GWP 12/21	M2RE 10/19	Nikora 03/18	Nikora 06/19	GLC 08/20	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	5.0	10.0	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	08/17	8/17	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	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	101.16	100.5	106.1	104.2	109.5	111.1
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	206.4	239.4	105.5	222.8

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	109.5	3.6	105.5
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	101.6	4.5	170.7
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	116.7	0.1	-27.0
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.3	1.2	83.6
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	109.5	3.2	56.7
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	112.1	3.5	81.2
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	104.2	3.0	50.1
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba1	104.3	4.1	156.3

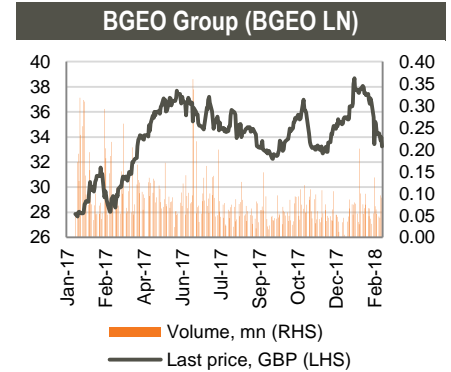
Source: Bloomberg

## Equities

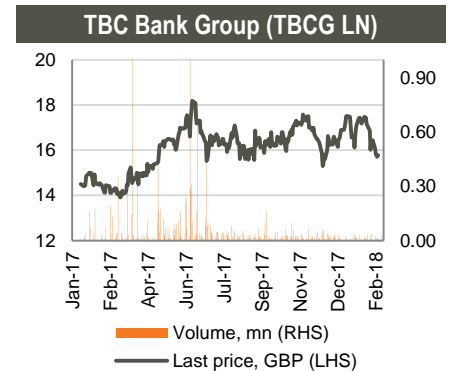
**BGEO Group (BGEO LN)** shares closed at GBP 33.26/share (-2.81% w/w and -11.45% m/m). More than 352k shares traded in the range of GBP 32.72 – 35.06/share. Average daily traded volume was 67k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 2.64% w/w and lost 5.52% m/m. The volume of BGEO shares traded was at 0.90% of its capitalization.

**TBC Bank Group (TBCG LN)** closed the week at GBP 16.60 (+5.20% w/w and -4.82% m/m). More than 55k shares changed hands in the range of GBP 15.72 – 16.86 share. Averaged daily traded volume was 14k in the last 4 weeks.

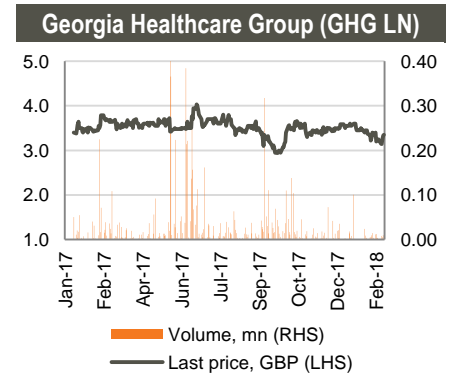
**Georgia Healthcare Group (GHG LN)** shares closed at GBP 3.35/share (+3.08% w/w and -2.90% m/m). More than 33k shares were traded in the range of GBP 3.11 – 3.40/share. Average daily traded volume was 7k in the last 4 weeks. The volume of GHG shares traded was at 0.03% of its capitalization.



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	33.26*	1,841	-11.4%	0.1%	-5.1%	-6.5%	7.7%
TBC	TBC	16.6*	1,235	-4.8%	-2.4%	2.5%	-5.1%	14.9%
Halyk Bank	HSBK	13.00	3,574	5.3%	37.1%	31.3%	31.6%	91.2%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	-54.7%
VTB Bank	VTBR	1.84	11,891	-8.6%	1.9%	-8.7%	0.3%	-21.2%
Vozrozhdenie Bank	VZRZ	8.48	201	-5.4%	-15.7%	-13.9%	-2.6%	-36.1%
Sberbank	SBER	20.05	108,205	8.4%	22.5%	61.4%	18.4%	70.9%

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	3.35*	620	-2.9%	-2.9%	-3.6%	-5.6%	-6.0%
Mouwasat	MOUWASAT	47.91	2,396	13.3%	10.4%	15.0%	18.7%	26.0%
Fortis	FORH	2.14	1,108	-2.5%	6.6%	-9.2%	-15.0%	-27.9%
Raffles	RFMD	0.83	1,472	0.9%	-0.3%	1.9%	-0.8%	-19.3%
IHH	IHH	1.55	12,783	3.2%	15.7%	10.7%	7.5%	11.1%
Bangkok Chain	BCH	0.53	1,324	8.0%	7.8%	25.3%	6.7%	34.6%
Netcare	NTC	2.24	3,289	12.6%	38.0%	16.0%	10.2%	-10.1%

Source: Bloomberg

\*GHG share price traded and shown in GBP

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