



Weekly Market Watch

Weekly Market Watch | Georgia
Jan 22, 2018

Economy

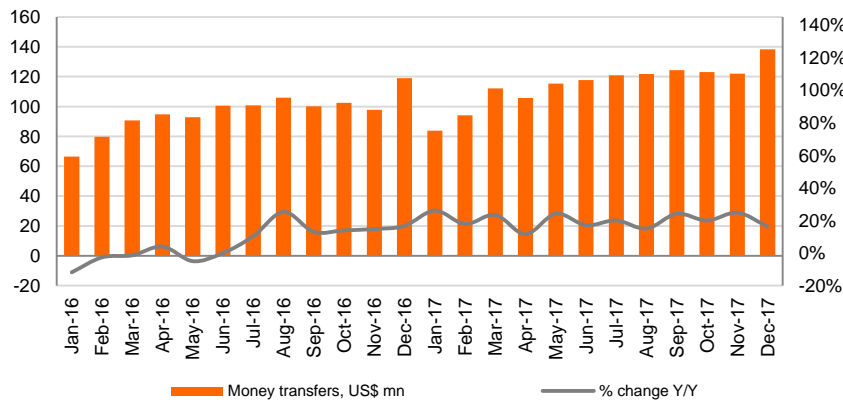
Exports up 50.0% y/y in December 2017

In December 2017, exports increased 50.0% y/y to US\$ 288.2mn, imports were up 13.5% y/y to US\$ 845.3mn and the trade deficit widened 0.8% y/y to US\$ 557.1mn according to GeoStat's preliminary figures. In 2017, trade deficit was up 1.3% to US\$ 5.3bn as exports increased 29.1% y/y to US\$ 2.7bn, while imports were up 9.4% y/y to US\$ 8.0bn.

Money transfers up 16.3% y/y in December 2017

In December 2017, money transfers increased 16.3% y/y to US\$ 138.4mn after growing 24.8% y/y in previous month, according to NBG. Money transfers were up from almost all major remitting countries: Russia (+8.3% y/y, 32.5% of total), Italy (+25.3% y/y, 11.1% of total), Greece (+26.8% y/y, 10.9% of total), Israel (+73.8% y/y, 9.0% of total) and Turkey (+20.0% y/y, 7.2% of total). The remittances were down from US (-6.9% y/y, 9.5% of total). In 2017 money transfers were up 19.8% y/y to US\$ 1.4bn.

Money transfers



Source: NBG

Key macro indicators

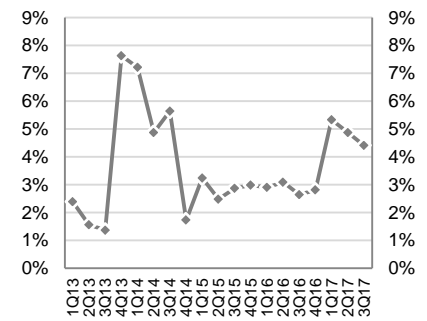
	2017	2016	2015
GDP (% change)	4.8% ⁽¹⁾	2.8%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US\$)	...	3,865	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.8%	4.9%
Gross reserves (US\$ bn)	3.0	2.8	2.5
CAD (% of GDP)	7.1% ⁽²⁾	12.8%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

Source: Official data, IMF

(1) As of 11M17

(2) As of 9M17

Real GDP growth, %



Source: GeoStat

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

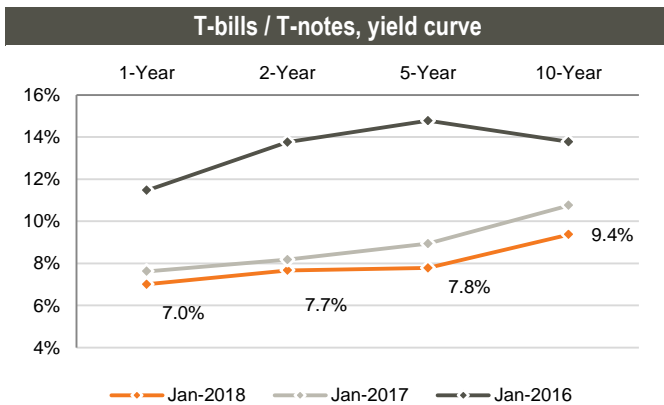


Money market

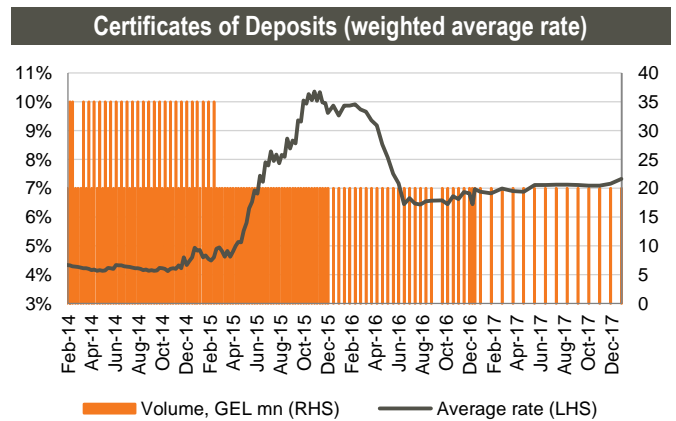
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,250mn (US\$ 490.9mn).

Ministry of Finance Treasury Notes:

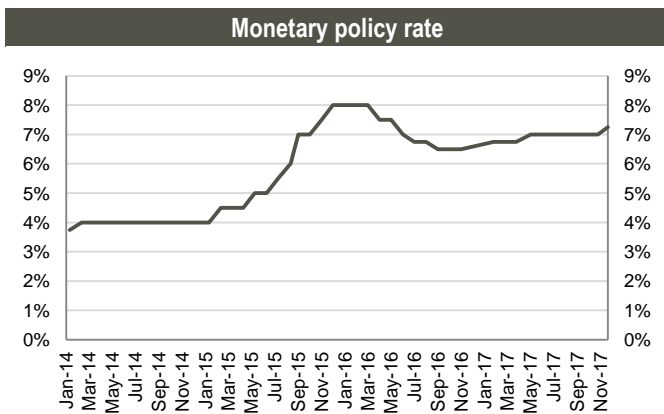
10-year GEL 25.0mn (US\$ 9.8mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on January 17, 2018. The weighted average yield was fixed at 9.37%. The nearest treasury security auction is scheduled for January 24, 2018, where GEL 30.0mn nominal value 5-year T-Notes will be sold.



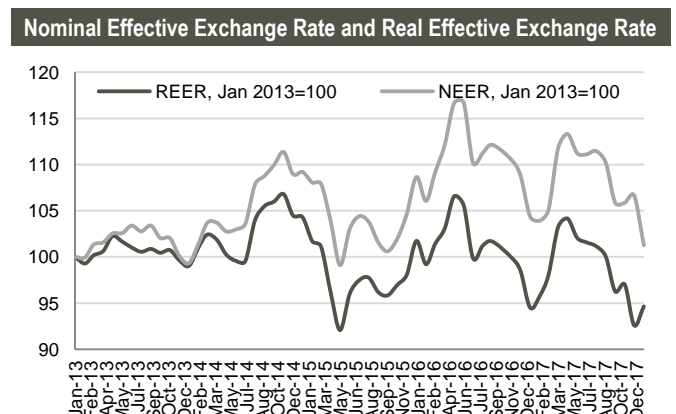
Source: NBG



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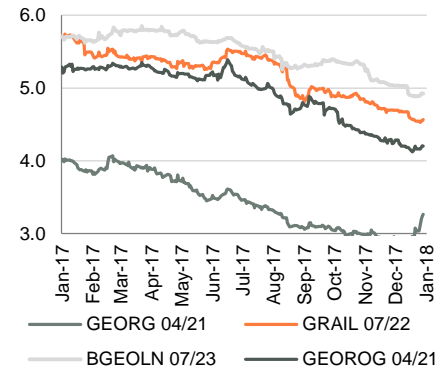
Source: NBG

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

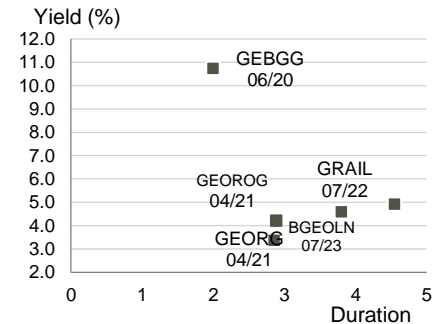
Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 4.9% yield, trading at 105.2 (-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 107.6 (-0.2% w/w), yielding 4.2%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 112.6 (-0.2% w/w), yielding 4.6%.

Georgian Sovereign Eurobonds (GEORG) closed at 110.6 (-1.1% w/w) at 3.4% 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	102.8	101.3	101.3	101.19	100.5	107.6	105.2	110.6	112.6
Mid yield, %	n/a	5.75%	8.5%	3.8%	6.50%	10.7	4.2	4.9	3.4	4.6
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	181.6	238.7	95.6	211.2

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	110.6	3.4	95.6
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	103.5	4.1	153.5
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	117.3	0.0	-36.2
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.7	1.1	84.2
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	110.2	3.0	60.2
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	113.7	3.1	65.9
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	104.7	2.9	55.5
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba1	105.0	3.9	153.6

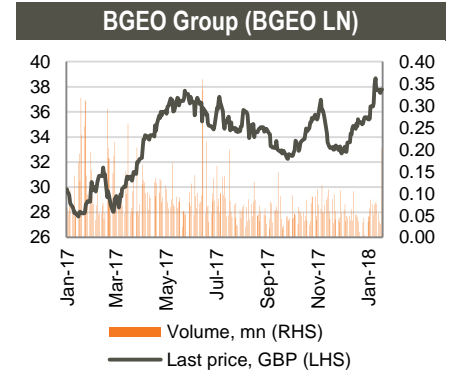
Source: Bloomberg

Equities

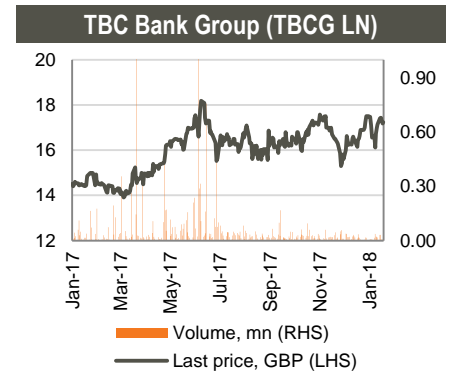
BGEO Group (BGEO LN) shares closed at GBP 37.80/share (+0.16% w/w and +7.85% m/m). More than 421k shares traded in the range of GBP 37.30 – 38.00/share. Average daily traded volume was 61k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.99% w/w and gained 1.53% m/m. The volume of BGEO shares traded was at 1.07% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.24 (+0.58% w/w and +4.80% m/m). More than 51k shares changed hands in the range of GBP 16.90 – 17.50 share. Averaged daily traded volume was 12k in the last 4 weeks.

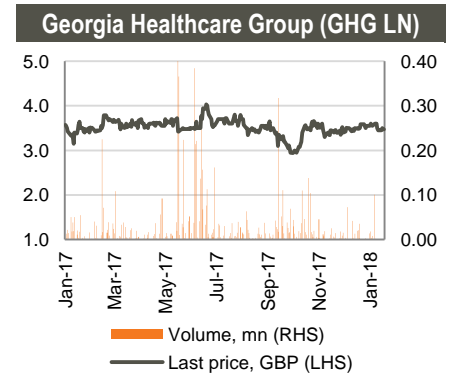
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.48/share (+0.72% w/w and -0.71% m/m). More than 1k shares were traded in the range of GBP 3.45 – 3.50/share. Average daily traded volume was 10k in the last 4 weeks. The volume of GHG shares traded was at 0.001% of its capitalization.



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	37.8*	2,063	7.8%	9.0%	9.5%	6.3%	35.0%
TBC	TBC	17.24*	1,265	4.8%	3.4%	4.5%	-1.5%	19.4%
Halyk Bank	HSBK	12.40	3,409	25.3%	31.9%	30.5%	25.5%	83.4%
KKB	KKB	0.68	712	0.0%	0.0%	-9.3%	0.0%	-49.6%
VTB Bank	VTBR	1.94	12,552	10.7%	-8.2%	-8.9%	5.8%	-13.9%
Vozrozhdenie Bank	VZRZ	9.40	223	-0.5%	-11.6%	-24.9%	8.0%	-25.9%
Sberbank	SBER	18.69	100,865	11.9%	30.4%	61.6%	10.4%	66.9%

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	3.475*	634	-0.7%	0.1%	-3.5%	-2.1%	-4.6%
Mouwasat	MOUWASAT	43.15	2,157	5.0%	2.4%	9.6%	6.9%	14.3%
Fortis	FORH	2.28	1,182	7.3%	1.6%	-2.8%	-9.3%	-17.8%
Raffles	RFMD	0.84	1,488	3.9%	-0.4%	-10.2%	0.3%	-18.3%
IHH	IHH	1.52	12,554	5.2%	10.9%	9.8%	5.6%	7.7%
Bangkok Chain	BCH	0.50	1,237	4.2%	3.3%	23.4%	-0.3%	15.7%
Netcare	NTC	2.09	3,070	12.5%	11.7%	9.0%	2.8%	-13.0%

Source: Bloomberg

*GHG share price traded and shown in GBP

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