



Weekly Market Watch

Weekly Market Watch | Georgia
August 16, 2021

Economy

Exports up 42.4% y/y in July 2021

In July 2021, exports increased sharply, up by 42.4% y/y to US\$ 390.9mn after a 30.1% y/y growth in previous month. Meanwhile, imports growth slowed in July, up 17.7% y/y to US\$ 856.4mn, after growing 38.5% y/y in previous month. Notably, both exports and imports were also up compared to July 2019 levels - exports up 20.7% and imports up 5.5%. As exports growth outpaced imports, trade deficit increased by just 2.7% y/y, far below growth levels posted since April 2021. Overall, in 7M21, trade deficit was up by 13.5% y/y to US\$ 2.9bn, as exports increased by 27.8% y/y to US\$ 2.3bn (up 7.7% compared to 7M19) and imports increased by 19.3% y/y to US\$ 5.2bn (flat compared to 7M19).

International arrivals up 403.7% y/y in July 2021

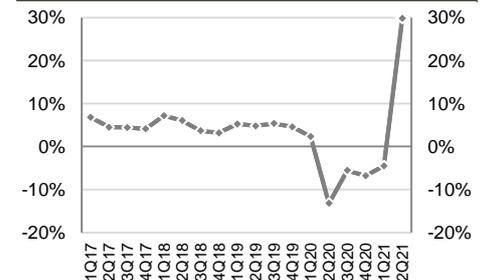
Total international arrivals (tourists and same-day arrivals) to Georgia increased by 403.7% y/y to 230.9 thousand persons in July 2021, according to GNTA. This growth was supported by last year's low base, with July 2021 arrivals accounted for 26.2% of July 2019 level. The largest contribution to international visitor growth came from Ukraine, followed by Russia, Israel and Turkey in July. Overall in 7M21, international arrivals stood at 706.2 thousand persons (-44.6% y/y, 17.2% of 2019 level). Meanwhile, we estimate tourism revenues at US\$ 502.7mn in 7M21, up 7.3% y/y and accounting for 27.2% of 2019 level.

Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.5%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

Ease of Doing Business # 7 (Top 10)
Economic Freedom Index # 12 (mostly free)
Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB Negative Affirmed Feb-2021	 Ba2 Stable Affirmed May-2021	 BB Stable Affirmed Aug-2021
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Source: Rating agencies

Money market

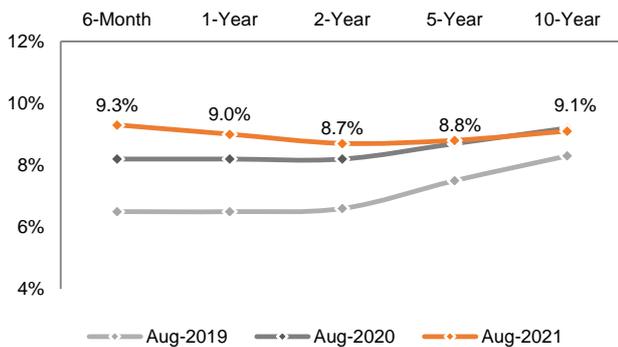
Ministry of Finance T-Bills: 1-year GEL 15.0mn (US\$ 4.8mn) T-Bills were sold at the auction held at NBG on August 10, 2021. Total demand was 4.0x higher and the weighted average yield was fixed at 9.190%, up by 0.182ppts from previous auction held in July, 2021. The nearest treasury security auction is scheduled for August 24, 2021, where GEL 35.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	90	75	75
1-year	90	75	325
2-year	120	100	940
5-year	259	175	2,448
10-year	69	25	1,306
Total	628	450	5,093

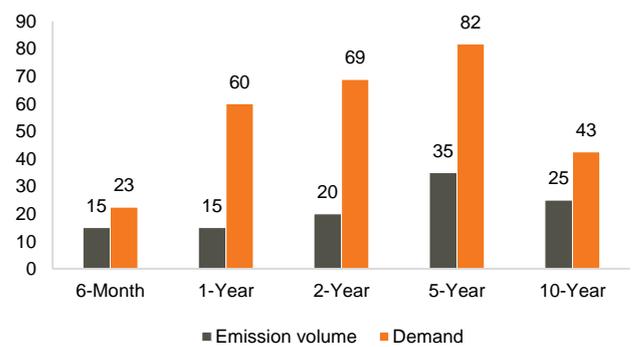
Source: MoF
Note: * As of 31 July 2021

T-bills / T-notes, yield curve



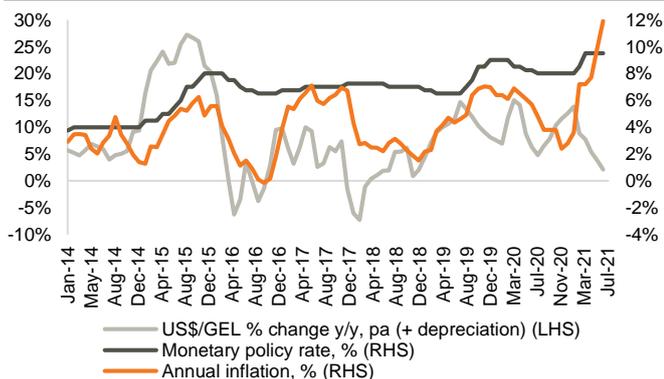
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



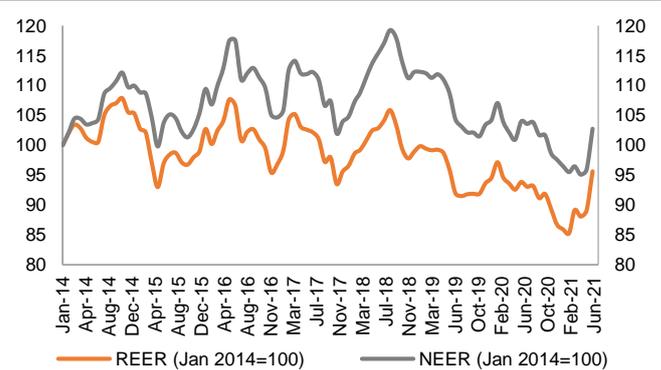
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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



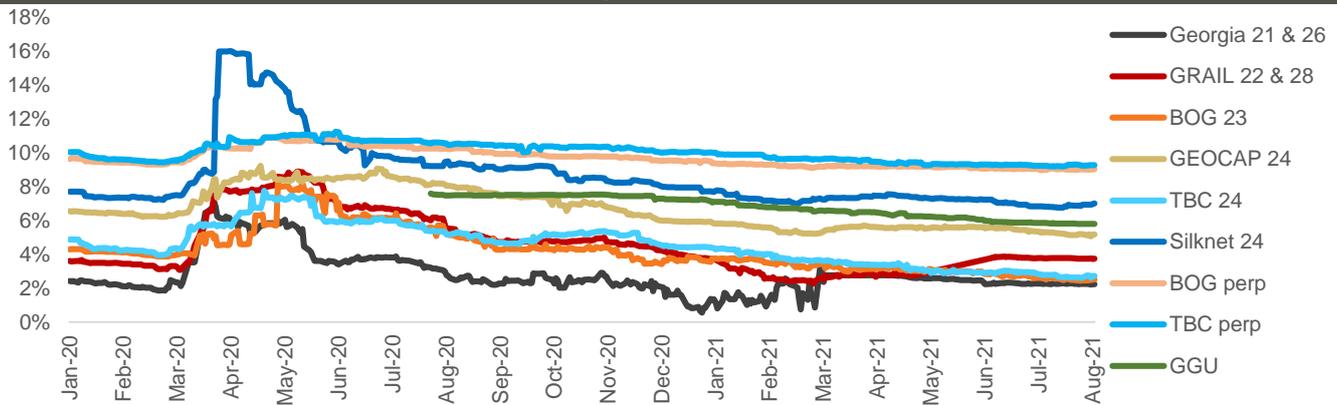
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.52% yield, trading at 106.55 (-0.17% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.28 (+0.05% w/w), yielding 5.16%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.62 (+0.09% w/w), yielding 3.73%.

Georgian Sovereign Eurobonds (GEORG) closed at 102.32 (+0.07% w/w) at 2.22% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian bonds performance

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	102.32	2.22	140.91
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.62	3.73	269.70
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.55	2.52	223.08
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.26	9.01	661.56
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	102.28	5.16	473.65
SILKNET 04/24	USD	200	11.000%	Apr-24	B/-B1	109.43	7.00	414.84
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.25	2.71	222.31
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.18	9.25	655.30
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.83	5.79	422.14

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B/-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
GLC 07/23	USD	12	5.75%	Jul-23	-/-/-	n/a	n/a	n/a
GLC 07/23	EUR	3	4.75%	Jul-23	-/-/-	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/-/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/-/BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B/-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a

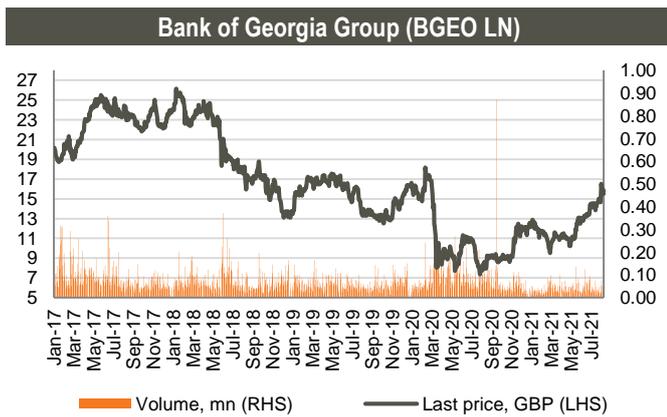
Source: Bloomberg

Equities

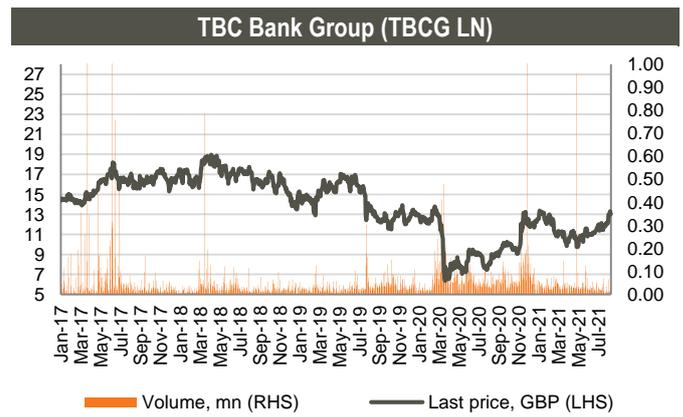
Bank of Georgia Group (BGEO LN) shares closed at GBP 15.50/share (-6.29% w/w and +8.09% m/m). More than 167k shares traded in the range of GBP 15.40 - 16.44/share. Average daily traded volume was 35k in the last 4 weeks. The volume of BGEO shares traded was at 0.34% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.51/share (+4.66% w/w and -1.36% m/m). More than 752k shares traded in the range of GBP 6.20 - 6.62/share. Average daily traded volume was 59k in the last 4 weeks. The volume of CGEO shares traded was at 1.57% of its capitalization.

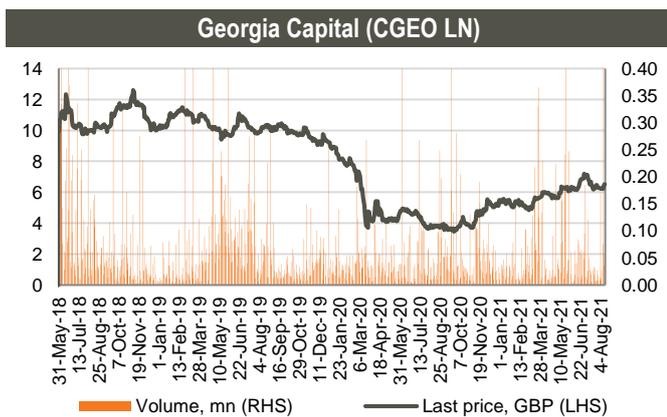
TBC Bank Group (TBCG LN) closed the week at GBP 13.02/share (+0.15% w/w and +10.15% m/m). More than 100k shares changed hands in the range of GBP 12.78 - 13.44/share. Average daily traded volume was 22k in the last 4 weeks. The volume of TBCG shares traded was at 0.18% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Bank of Georgia	BGEO	GBP	15.50	762	35.5%	87.9%	27.0%	5.84x	4.97x	1.15x	1.00x
TBC	TBC	GBP	13.02	718	7.4%	44.3%	4.2%	5.13x	4.43x	0.90x	0.79x
Sberbank	SBER	USD	17.96	96,925	24.2%	36.0%	23.7%	6.47x	6.22x	1.23x	1.11x
Halyk Bank	HSBK	USD	16.28	4,784	21.5%	49.4%	39.7%	5.06x	4.93x	1.20x	1.14x
VTB Bank	VTBR	USD	1.38	8,969	43.5%	40.1%	45.0%	2.51x	3.08x	0.52x	0.42x
Akbank	AKBNK	TRY	5.48	28,496	-17.5%	9.2%	-20.9%	3.57x	2.67x	0.40x	0.35x
Garanti	GARAN	TRY	9.27	38,934	-6.6%	33.8%	-10.6%	3.64x	3.10x	0.53x	0.46x
Isbank	ISCTR	TRY	5.41	24,345	-16.8%	9.3%	-22.7%	3.01x	2.12x	0.32x	0.28x
PKO	PKO	PLN	39.64	49,550	41.2%	71.5%	38.0%	10.50x	10.71x	1.12x	1.07x
PEKAO	PEO	PLN	104.70	27,481	61.9%	86.0%	71.4%	15.73x	12.19x	1.05x	1.01x
Millennium	MIL	PLN	5.75	6,975	54.2%	86.3%	75.8%	8.75x	7.81x	0.90x	0.85x
Mbank	MBK	PLN	326.40	13,829	75.5%	56.5%	82.1%	11.09x	10.28x	0.84x	0.79x
BRD	BRD	RON	19.02	13,255	35.9%	58.8%	28.0%	12.51x	10.98x	1.40x	1.36x
Banca Transilvania	TLV	RON	2.99	17,156	30.6%	46.8%	32.9%	10.79x	9.67x	1.66x	1.53x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	8.76x	7.84x	0.65x	0.55x
Komerčni	KOMB	CZK	832.00	158,121	22.7%	53.8%	26.6%	15.23x	13.15x	1.32x	1.32x
Mean								8.04x	7.13x	0.95x	0.88x
Median								7.61x	7.02x	0.98x	0.92x

Source: Bloomberg, S&P Capital IQ

Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Georgia Capital	CGEO	GBP	6.51	312	23.5%	69.1%	20.6%	na	na	na	na
Tinc Comm	TINC	EUR	12.66	460	1.7%	-5.2%	-2.2%	na	na	na	na
Sabancı Holding	SAHOL	TRY	9.89	20,180	-12.2%	22.2%	-13.7%	3.59x	2.96x	0.44x	0.36x
Deutsche Beteiligungs	DBAN	EUR	37.80	569	4.7%	28.3%	21.3%	4.55x	7.74x	1.11x	1.03x
Eurazeo	RF	EUR	88.55	6,997	42.8%	98.8%	59.5%	10.29x	13.17x	1.16x	1.05x
Carlyle Group	CG	USD	49.00	17,374	31.9%	81.5%	55.9%	15.24x	13.82x	5.54x	5.59x
Mean								8.42x	9.42x	2.06x	2.01x
Median								7.42x	10.45x	1.14x	1.04x

Source: Bloomberg, S&P Capital IQ

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