



Weekly Market Watch

Weekly Market Watch | Georgia
Jan 21, 2019

Economy

Exports up 14.0% y/y in December 2018

In December 2018, exports increased 14.0% y/y to US\$ 328.6mn, while imports fell 2.7% y/y to US\$ 816.6mn and the trade deficit narrowed 11.4% y/y to US\$ 448.1mn according to GeoStat's preliminary figures. In 2018, trade deficit was up 10.7% to US\$ 5.8bn as exports increased 22.9% y/y to US\$ 3.4bn and imports were up 14.9% y/y to US\$ 9.1bn. Detailed foreign trade statistics will be available on January 21, 2019.

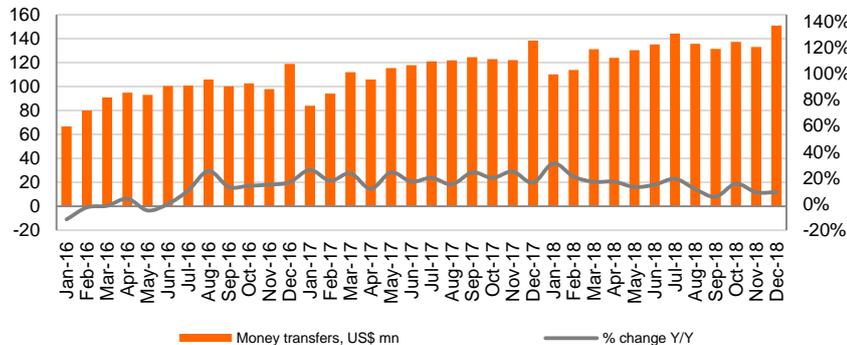
Money transfers up 9.1% y/y in December 2018

In December 2018, money transfers increased 9.1% y/y to US\$ 150.9mn after growing 9.0% y/y in previous month, according to NBG. Money transfers were up from the following major remitting countries: Italy (+29.9% y/y, 13.0% of total), Greece (+13.0% y/y, 11.3% of total), Israel (+4.6% y/y, 8.6% of total) and US (+15.0% y/y, 10.0% of total). Meanwhile, remittances were down from Turkey (-22.0% y/y, 5.2% of total) and Russia (-2.7% y/y, 29.0% of total). In 2018 money transfers were up 14.3% y/y to US\$ 1.6bn.

NBG purchased US\$ 15.0mn

On 16 and 18 January 2019, the NBG intervened on the FX market and purchased US\$ 15.0mn and US\$ 15.0mn, respectively. The NBG purchased US\$ 55mn YTD on its 4 FX auctions.

Money Transfers



Source: NBG

Key macro indicators

	2018	2017	2016
GDP (% change)	4.7% ⁽¹⁾	4.8%	2.8%
GDP per capita (ppp)	11,600 ⁽³⁾	10,742	10,065
GDP per capita (US\$)	4,380 ⁽³⁾	4,047	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	6.7%	1.8%
Gross reserves (US\$ bn)	3.3	3.0	2.8
CAD (% of GDP)	6.5% ⁽²⁾	8.8%	13.1%
Fiscal deficit (% of GDP)	2.3% ⁽³⁾	2.9%	3.0%
Total public debt (% of GDP)	43.0% ⁽³⁾	44.8%	44.4%

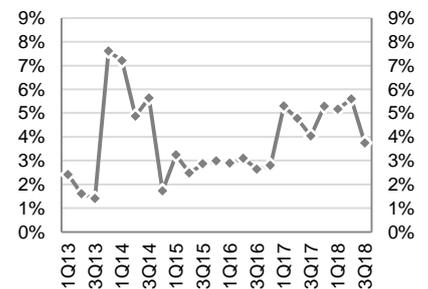
Source: Official data, IMF

1) As of 11M18

2) As of 9M18

3) Preliminary estimate

Real GDP growth, %



Source: GeoStat

International ranking, 2018-19

Ease of Doing Business # 6 (Top 10)
Economic Freedom Index # 16 (mostly free)
Global Competitiveness Index # 66

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed May-2018	 Ba2 Stable Affirmed Sep-2018	 BB- Positive Affirmed Aug-2018
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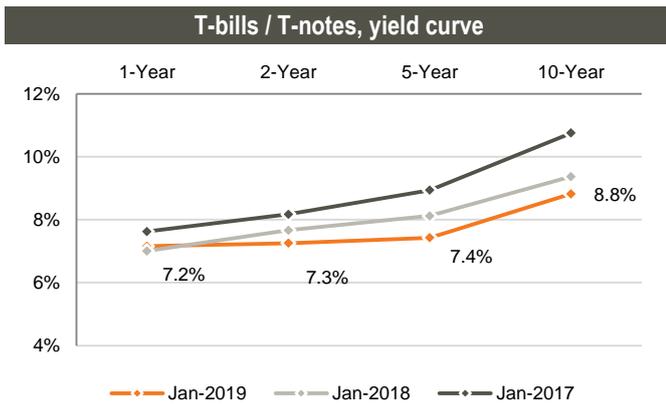
Source: Rating agencies

Money market

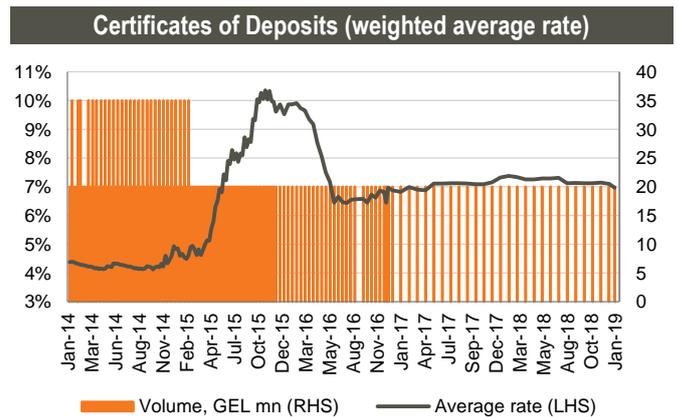
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,150mn (US\$ 431.8mn).

Ministry of Finance Treasury Bills: 182 days GEL 20.0mn (US\$ 7.5mn) T-bills of Ministry of Finance were sold at the auction held at NBG on January 15, 2019. The weighted average yield was fixed at 6.968%.

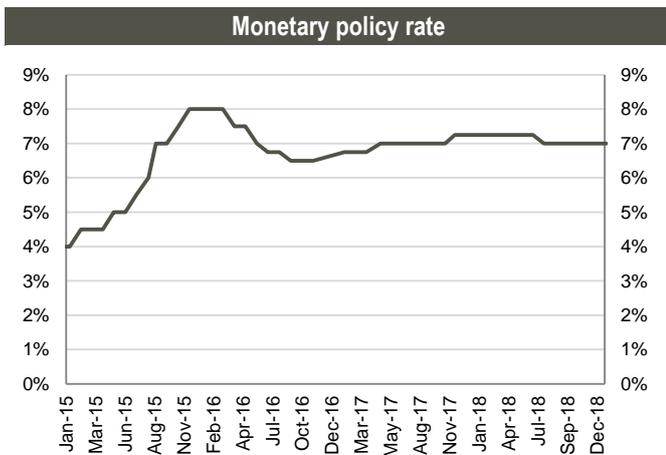
Ministry of Finance Benchmark Bonds: 2-year GEL 40.0mn (US\$ 15.0mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on January 15, 2019. The weighted average yield was fixed at 7.278%. The nearest treasury securities auction is scheduled for January 22, 2019, where GEL 25.0mn nominal value 10-year Benchmark Bonds will be sold.



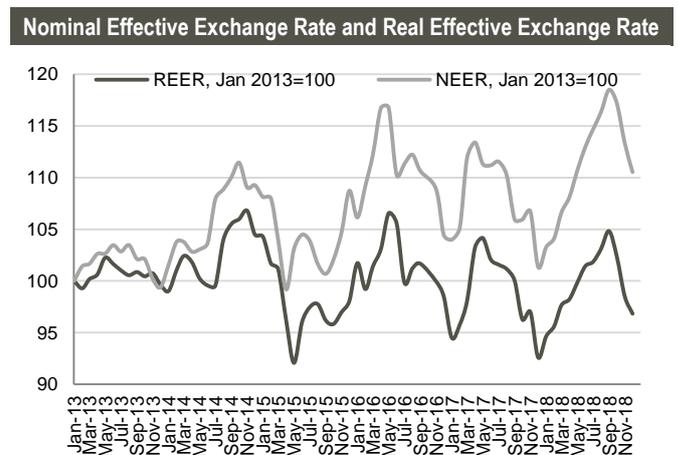
Source: NBG



Source: NBG



Source: NBG



Source: NBG

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

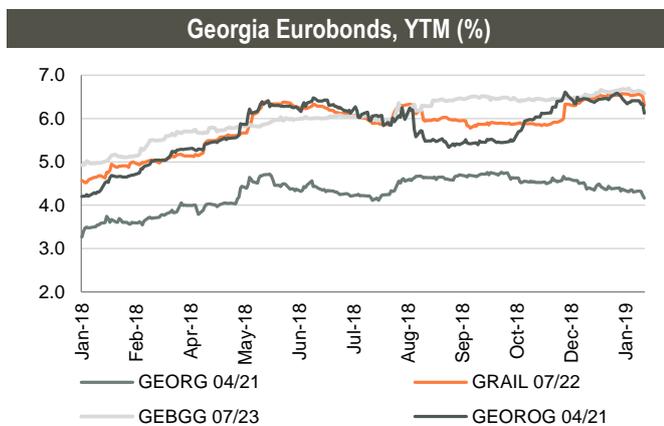


Fixed income

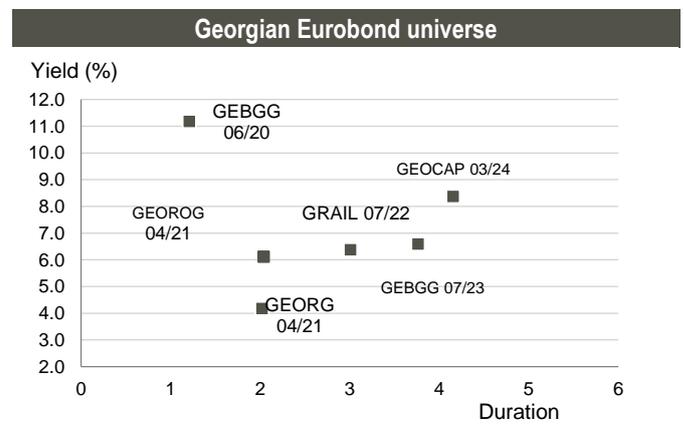
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.6% yield, trading at 97.8 (+0.2% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 99.8 (unchanged w/w), yielding 11.2%. Georgia Capital Eurobonds (GEOCAP) were trading at 90.8 (+0.1% w/w), yielding 8.4%.

GOGC Eurobonds (GEOROG) were trading at 101.3 (+0.6% w/w), yielding 6.1%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 104.5 (+0.7% w/w), yielding 6.3%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.7 (+0.2% w/w) at 4.2% yield to maturity.



Source: Bloomberg



Source: Bloomberg

Georgia bonds performance

Georgia Eurobonds 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%	04/12/2021	BB-/BB-/Ba2	105.68	4.17	142.60
GRAIL 07/22	500	7.750%	07/11/2022	B+/B+/-	104.23	6.37	366.28
GEOROG 04/21	250	6.750%	04/26/2021	BB-/B+/-	101.30	6.12	338.40
GEBGG 06/20	500*	11.000%	06/01/2020	BB-/Ba2	99.75	11.18	n/a
GEBGG 07/23	350	6.000%	07/26/2023	BB-/Ba2	97.77	6.58	387.79
GEOCAP 03/24	300	6.125%	03/09/2024	-B+/B2	90.82	8.36	566.03

Georgia local bonds performance

GWP 12/21	30*	10.50%**	06/12/2021	BB****/-/-	n/a	n/a	n/a
M2RE 10/19	25	7.500%	07/10/2019	B+/-/-	101.03	6.0	n/a
GLC 08/20	10	7.000%	29/08/2020	B+****/-/-	100.37	6.75	n/a
GLC 06/21	5	6.500%	22/06/2021	B+****/-/-	98.91	7.00	n/a
Nikora 06/19	10	9.000%	28/06/2019	-/-/-	n/a	n/a	n/a
Silknet 08/22	34*	10.50%**	18/08/2022	B+****/-/-	n/a	n/a	n/a
Crystal 12/19	10*	11.50%***	28/12/2019	B/-/-	100.86	11.00	n/a

Source: Bloomberg

*GEBGG 06/20 bonds, GWP 12/21 bonds, Silknet 08/22 and Crystal 12/19 bonds are in Georgian lari

**Coupon rate 3.5% over the NBG's refinancing rate

Coupon rate 4.5% over the NBG's refinancing rate B+*

****Company ratings

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	105.7	4.2	142.6
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	101.6	4.4	170.9
Bulgaria	323	5.000%	19/07/2021	BBB-/B2	112.8	-0.1	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB/Ba2	110.6	0.7	66.5
Hungary	2,654	6.375%	29/03/2021	BBB-/BBB-/Baa3	105.7	3.6	87.3
Romania	2,019	6.750%	07/02/2022	BBB-/BBB-/Baa3	107.7	4.0	133.6
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	102.1	3.3	47.5
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	100.4	5.4	266.9

Source: Bloomberg

Equities

Bank of Georgia Group (B GEO LN) shares closed at GBP 15.50/share (-1.03% w/w and +14.10% m/m). More than 346k shares traded in the range of GBP 15.23 – 15.86/share. Average daily traded volume was 77k in the last 4 weeks. FTSE 250 Index, of which B GEO is a constituent, gained 1.20% w/w and gained 7.26% m/m. The volume of B GEO shares traded was at 0.70% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 10.30/share (+0.66% w/w and +1.50% m/m). More than 83k shares traded in the range of GBP 10.16 – 10.45/share. Average daily traded volume was 20k in the last 4 weeks. The volume of CGEO shares traded was at 0.22% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 14.62 (+0.41% w/w and +3.98% m/m). More than 124k shares changed hands in the range of GBP 14.20 – 14.90/share. Average daily traded volume was 28k in the last 4 weeks. The volume of TBCG shares traded was at 0.23% of its capitalization.

Georgia Healthcare Group (GHG LN) shares closed at GBP 2.05/share (+4.59% w/w and -8.89% m/m). More than 1,439k shares were traded in the range of GBP 1.92 – 2.09/share. Average daily traded volume was 87k in the last 4 weeks. The volume of GHG shares traded was at 1.09% of its capitalization.

Eastern European Banks

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg	
Bank of Georgia	B GEO	15.50*	982	14.1%	-5.2%	-18.3%	12.6%	-39.4%
TBC	TBC	14.62*	1,022	4.0%	-6.2%	-15.3%	-3.9%	-14.9%
Halyk Bank	HSBK	10.10	2,968	1.0%	-10.6%	-15.5%	-2.4%	-18.5%
VTB Bank	VTBR	1.25	8,094	5.8%	-5.2%	-18.1%	12.7%	-36.2%
Vozrozhdenie	VZRZ	6.79	161	-3.8%	-4.2%	12.1%	-0.8%	-24.7%
Sberbank	SBER	12.90	69,591	17.4%	8.4%	-7.9%	17.7%	-32.0%

Source: Bloomberg

*B GEO and TBC share prices traded and shown in GBP

Investment Management Company Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg	
Georgia Capital	CGEO	10.3*	506	1.5%	-10.4%	2.5%	0.9%	n/a
Creades	CREDA	29.52	242	3.4%	-1.4%	-0.8%	5.5%	-28.1%
CIE du Bois	COMB	429.33	724	2.4%	-3.3%	-7.0%	-0.6%	-7.1%
Tinc Comm	TINC	13.52	369	1.3%	-3.4%	-4.1%	0.0%	-13.0%
Edify	EDIFY	58.49	284	-2.8%	-12.8%	-17.7%	-3.6%	-16.1%

Source: Bloomberg

*CGEO share price traded and shown in GBP

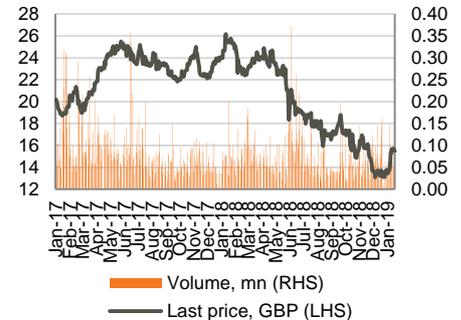
Healthcare Sector Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg	
GHG	GHG	2.05*	348	-8.9%	-7.9%	-21.6%	0.5%	-41.0%
Mouwasat	MOUWASAT	20.77	2,077	-4.4%	13.7%	-18.9%	-3.2%	-3.7%
Fortis	FORH	1.90	1,435	-1.5%	5.0%	-8.3%	-5.6%	-15.6%
Raffles	RFMD	0.84	1,508	1.0%	10.4%	5.1%	4.0%	0.8%
IHH	IHH	1.38	12,131	11.8%	13.7%	-7.0%	6.1%	-8.8%
Bangkok Chain	BCH	0.48	1,194	-15.7%	-19.5%	0.3%	-6.7%	-3.9%
Netcare	NTC	1.91	2,814	6.5%	15.8%	-7.5%	4.1%	-8.0%

Source: Bloomberg

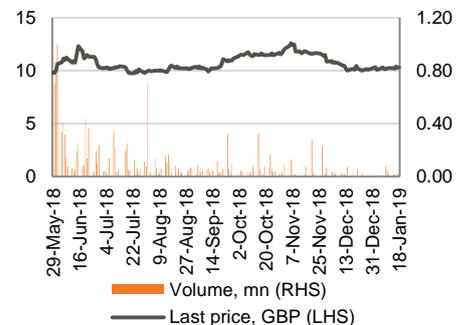
*GHG share price traded and shown in GBP

Bank of Georgia Group (B GEO LN)



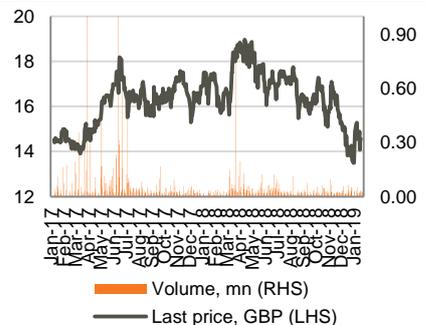
Source: Bloomberg

Georgia Capital (CGEO LN)



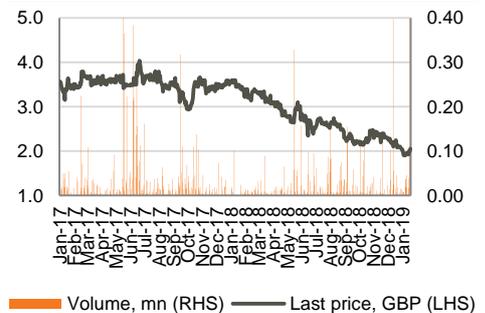
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

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