



Weekly Market Watch

Weekly Market Watch | Georgia
November 16, 2020

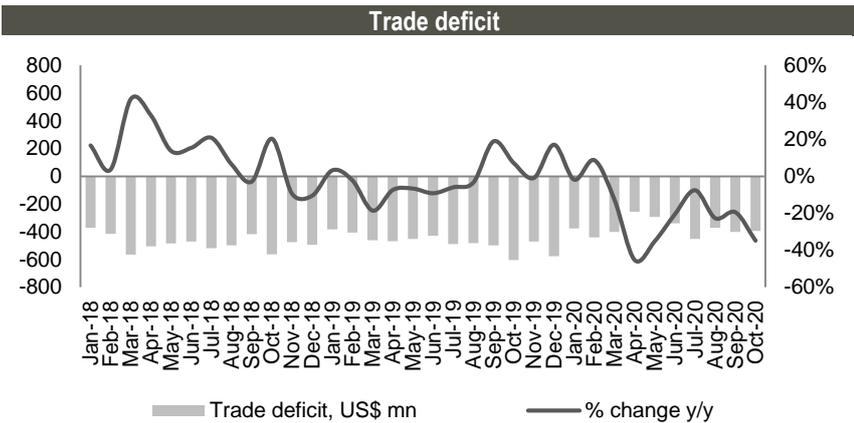
Economy

Trade deficit down 34.8% y/y in October 2020

In October 2020, trade deficit narrowed by 34.8% y/y to US\$ 393.5mn according to Geostat's preliminary figures, as exports decreased by 2.2% y/y to US\$ 312.6mn, while imports fell markedly by 23.5% y/y to US\$ 706.1mn. In 10M20, trade deficit was down 20.2% y/y to US\$ 3.7bn as exports decreased by 11.1% y/y to US\$ 2.7bn and imports were down 16.6% y/y to US\$ 6.4bn. Detailed foreign trade statistics will be available on November 19, 2020.

NBG sold US\$ 37mn

On 10 November 2020, the NBG intervened on the FX market and sold US\$ 37.2mn out of offered US\$ 40mn to support the GEL. This was 22nd FX intervention YTD for a total sale of US\$ 746.9mn through FX auctions.



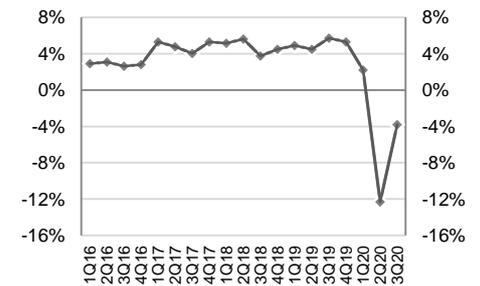
Source: Geostat

Key macro indicators

	2017	2018	2019
GDP (% change)	4.8%	4.8%	5.1%
GDP per capita (ppp)	13,596	14,584	15,634
GDP per capita (US\$)	4,359	4,722	4,763
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.5%	7.0%
Gross reserves (US\$ bn)	3.0	3.3	3.5
CAD (% of GDP)	8.0%	6.8%	5.4%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.0%
Total public debt (% of GDP)	39.4%	38.9%	39.8%

Source: Official data, IMF

Real GDP growth, %



Source: Geostat

International ranking, 2019-20

- 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 Stable Affirmed Aug-2020	 Ba2 Stable Affirmed Aug-2020	 BB Negative Affirmed Aug-2020
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Source: Rating agencies

Money market

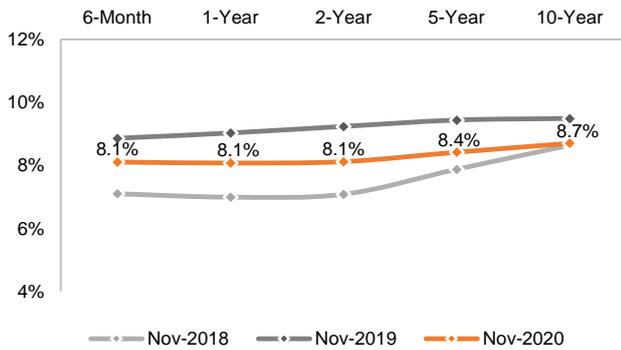
Ministry of Finance T-Bills: 1-year GEL 50.0mn (US\$ 15.0mn) T-Bills were sold at the auction held at NBG on November 10, 2020. Total demand was 1.6x higher and the weighted average yield was fixed at 8.152%, up 0.029ppts from previous auction held in October, 2020. The nearest treasury security auction is scheduled for November 24, 2020, where GEL 80.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes in 2020

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	330	20	180
1-year	610	50	680
2-year	770	70	1,390
5-year	800	160	2,088
10-year	150	0	1,237
Total	2,660	300	5,575

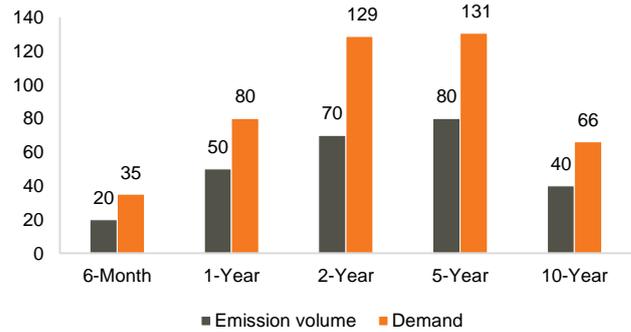
Source: MoF
Note: * As of 31 October 2020

T-bills / T-notes, yield curve



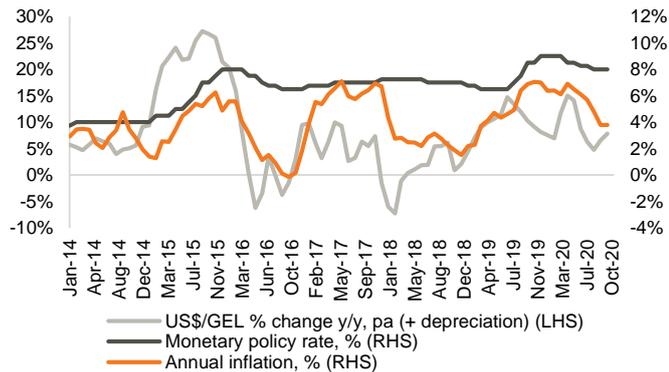
Source: NBG

Emission volume vs. demand on latest T-bill01s / T-notes auctions, GEL mn



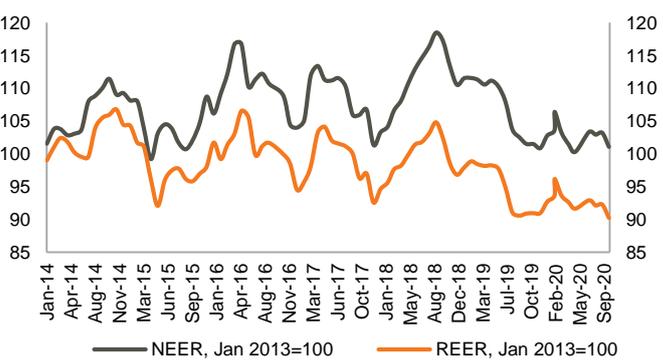
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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

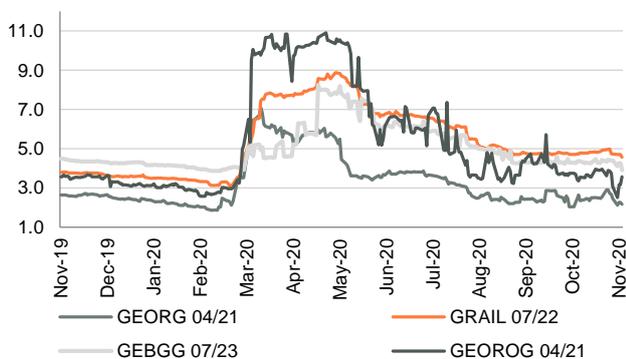
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.97% yield, trading at 105.14 (+1.08% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 98.63 (+0.53% w/w), yielding 6.59%.

GOGC Eurobonds (GEOROG) were trading at 101.39 (-0.27% w/w), yielding 3.53%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.06 (+0.25% w/w), yielding 4.53%.

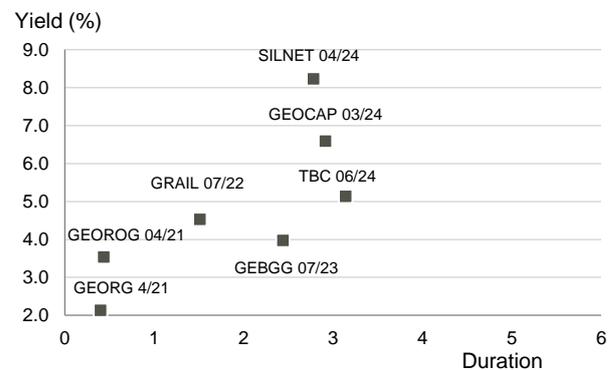
Georgian Sovereign Eurobonds (GEORG) closed at 101.89 (+0.05% w/w) at 2.13% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



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
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	101.89	2.13	188.86
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	105.06	4.53	427.93
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/BB/-	101.39	3.53	329.65
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/Ba2	105.14	3.97	367.85
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	103.61	9.39	957.07
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	98.63	6.59	626.56
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	108.01	8.23	790.56
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/Ba2	102.01	5.13	479.01
TBC PERP	US\$	125	10.775%	n/a	B-/-	100.61	9.91	1,021.92
GGU 07/25	US\$	250	7.750%	Jul-25	-B/-	101.19	7.44	702.74

Georgian local bonds performance

GWP 12/21	GEL	30	12.50%	Dec-21	BB-/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-	100.54	7.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-	100.87	7.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-	n/a	n/a	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-	99.98	7.50	n/a
GLC 08/22	US\$	10	7.50%	Aug-22	-/-	n/a	n/a	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-	100.00	12.00	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	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	US\$	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	13.25%	Sep-21	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



Fixed income, continued

Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	101.89	2.13	188.86
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.88	1.69	145.73
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	101.38	6.21	593.77
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	110.49	1.13	76.26
Russia	US\$	3,000	4.875%	Sep-23	BBB/BBB-/Baa3	109.94	1.29	99.06
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B1	100.95	3.02	277.95
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	103.66	3.01	278.06

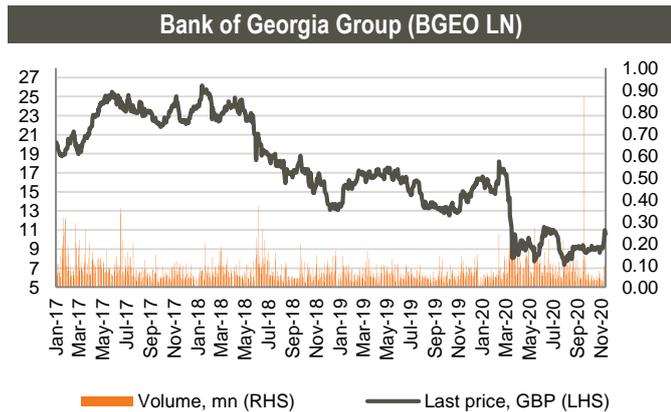
Source: Bloomberg

Equities

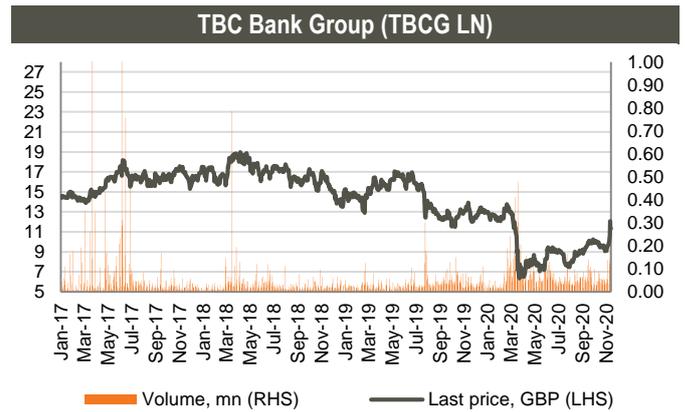
Bank of Georgia Group (BGEO LN) shares closed at GBP 10.54/share (+15.57% w/w and +16.08% m/m). More than 358k shares traded in the range of GBP 9.33 - 11.28/share. Average daily traded volume was 47k in the last 4 weeks. The volume of BGEO shares traded was at 0.73% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 4.48/share (+13.13% w/w and +1.82% m/m). More than 464k shares traded in the range of GBP 3.86 - 4.93/share. Average daily traded volume was 42k in the last 4 weeks. The volume of CGEO shares traded was at 1.26% of its capitalization.

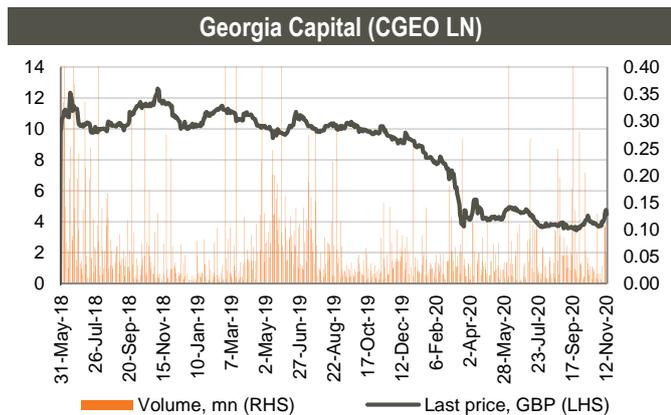
TBC Bank Group (TBCG LN) closed the week at GBP 11.32/share (+17.43% w/w and +16.82% m/m). More than 591k shares changed hands in the range of GBP 9.72 - 12.08/share. Average daily traded volume was 70k in the last 4 weeks. The volume of TBCG shares traded was at 1.07% of its capitalization.



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	
								2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	10.54	518	19.5%	-29.7%	-35.1%	8.95x	4.72x	0.86x	0.72x
TBC	TBC	GBP	11.32	623	50.7%	-18.7%	-12.9%	8.84x	5.44x	0.93x	0.80x
Halyk Bank	HSBK	US\$	11.00	3,232	26.1%	-17.0%	-17.6%	4.86x	4.19x	0.91x	0.83x
VTB Bank	VTBR	US\$	0.91	5,878	1.0%	-37.4%	-38.0%	7.05x	3.31x	0.34x	0.32x
Akbank	AKBNK	TRY	6.31	32,812	13.3%	-17.4%	-22.2%	7.62x	5.59x	0.78x	0.69x
Garanti	GARAN	TRY	8.86	37,212	12.2%	-11.0%	-20.5%	7.49x	5.55x	0.88x	0.74x
Isbank	ISCTR	TRY	6.93	31,185	40.9%	10.4%	8.1%	7.31x	5.46x	0.68x	0.61x
PKO	PKO	PLN	25.11	31,388	17.9%	-36.0%	-27.1%	11.63x	10.83x	0.70x	0.68x
PEKAO	PEO	PLN	53.82	14,126	5.7%	-47.5%	-46.4%	11.90x	10.20x	0.56x	0.55x
Millennium	MIL	PLN	2.85	3,460	10.5%	-52.3%	-51.2%	13.99x	8.77x	0.38x	0.38x
Mbank	MBK	PLN	162.00	6,859	-14.9%	-58.2%	-58.4%	20.17x	9.96x	0.41x	0.40x
BRD	BRD	RON	12.46	8,683	10.3%	-15.1%	-21.3%	10.87x	10.97x	0.96x	1.02x
Banca Transilvania	TLV	RON	2.03	10,588	14.5%	-9.0%	-14.0%	11.17x	9.86x	1.42x	1.37x
OTP	OTPD	USD	22.80	12,768	0.0%	7.5%	7.5%	13.12x	12.20x	0.72x	0.68x
Komercni	KOMB	CZK	554.00	105,287	7.8%	-29.4%	-33.2%	12.96x	11.14x	0.92x	0.89x
Mean								10.53x	7.88x	0.76x	0.71x
Median								10.87x	8.77x	0.78x	0.69x

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	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	4.48	165	3.5%	-55.1%	-51.4%	n/a	n/a	n/a	n/a
Tinc Comm	TINC	EUR	13.00	355	1.6%	-5.2%	-2.6%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	10.70	21,832	30.3%	23.6%	12.2%	6.73x	5.98x	0.83x	0.70x
Deutsche Beteiligungs	DBAN	EUR	32.10	483	19.8%	-16.8%	-18.6%	nmf	11.26x	1.05x	1.00x
Eurazeo	RF	EUR	50.10	3,946	24.0%	-19.1%	-17.9%	28.97x	7.91x	0.70x	0.65x
Carlyle Group	CG	USD	27.78	3,075	18.2%	-0.4%	-13.4%	4.81x	4.04x	4.37x	4.52x
Mean								13.50x	7.30x	1.74x	1.72x
Median								6.73x	6.95x	0.94x	0.85x

Source: Bloomberg, S&P Capital IQ

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