



Weekly Market Watch

Weekly Market Watch | Georgia
Apr 16, 2018

Economy

Exports up 33.1% y/y in March 2018

In March 2018, exports increased 33.1% y/y to US\$ 293.9mn, imports were up 34.7% y/y to US\$ 837.7mn and the trade deficit widened 35.6% y/y to US\$ 543.7mn, according to GeoStat's preliminary figures. In 1Q18, trade deficit was up 18.1% to US\$ 1.3bn as exports increased 28.4% y/y to US\$ 740.3mn, while imports were up 21.6% y/y to US\$ 2.1bn. Detailed foreign trade statistics will be available on April 19, 2018.

External trade, US\$ mn



Source: GeoStat

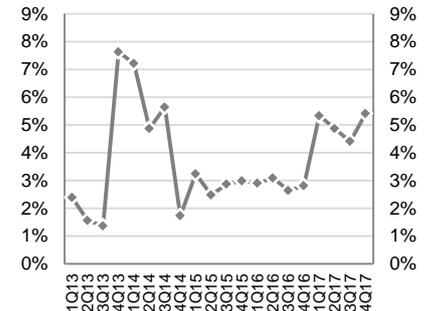
Key macro indicators

	1Q18	2017	2016
GDP (% change)	4.9% ⁽¹⁾	5.0%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US\$)	...	4,079	3,865
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.8%	6.7%	1.8%
Gross reserves (US\$ bn)	3.0	3.0	2.8
CAD (% of GDP)	...	8.7	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.4%

Source: Official data, IMF

1) As of 2M18

Real GDP growth, %



Source: GeoStat

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

<p>BB- Stable Affirmed May-2017</p>	<p>Ba2 Stable Upgraded Sep-2017</p>	<p>BB- Positive Affirmed Mar-2018</p>
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Source: Rating agencies

Money market

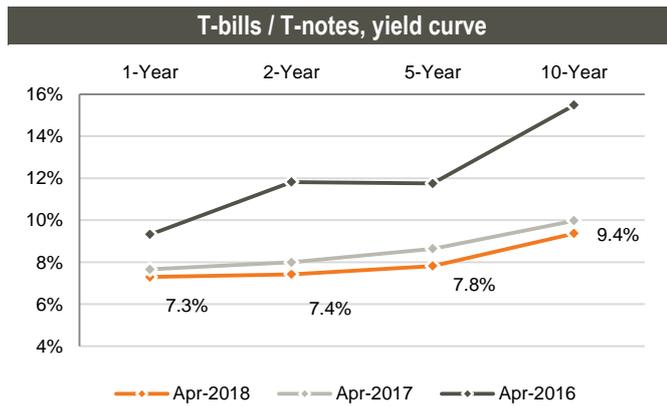
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 780mn (US\$ 324.9mn).

Ministry of Finance Treasury Notes:

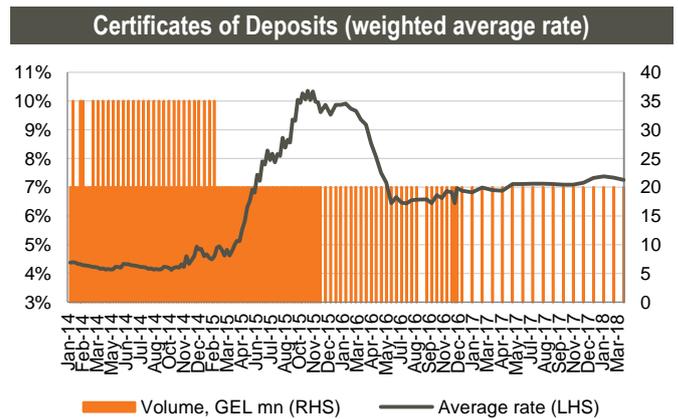
2-year GEL 40.0mn (US\$ 16.6mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on April 11, 2018. The weighted average yield was fixed at 7.421%. The nearest treasury security auction is scheduled for April 18, 2018, where GEL 25.0mn nominal value 10-year T-Notes will be sold.

Ministry of Finance Treasury Bills:

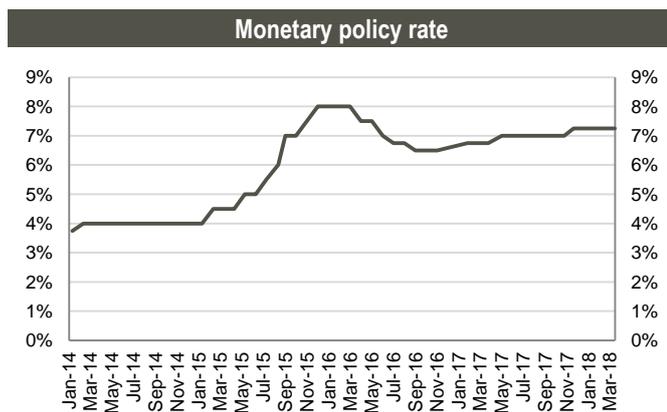
182-days GEL 20.0mn (US\$ 8.3mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on April 11, 2018. The weighted average yield was fixed at 7.256%.



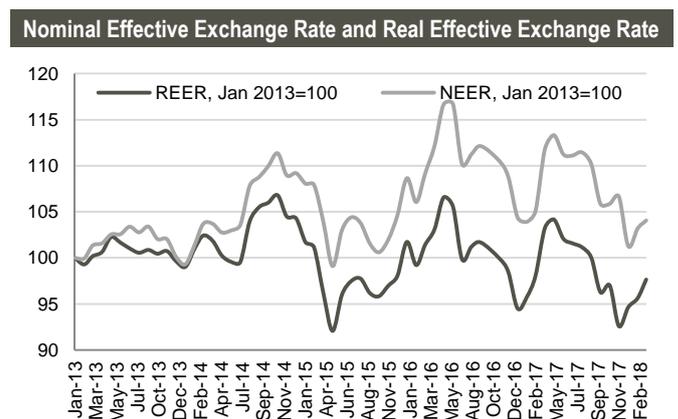
Source: NBG



Source: NBG



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Source: NBG

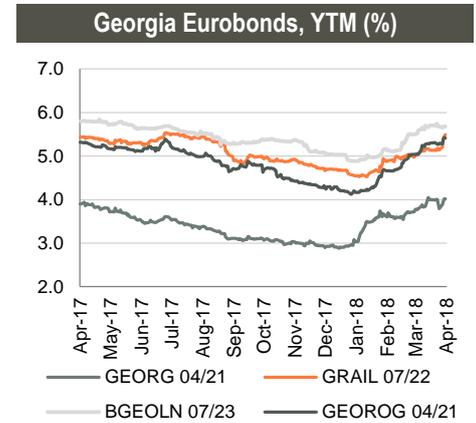
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.8% yield, trading at 100.9 (-0.6% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 97.0 (-0.2% w/w), yielding 6.8%.

GOGC Eurobonds (GEOROG) were trading at 103.8 (-0.4% w/w), yielding 5.4%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 108.5 (-1.1% w/w), yielding 5.5%.

Georgian Sovereign Eurobonds (GEORG) closed at 107.9 (-0.5% w/w) at 4.0% yield to maturity.

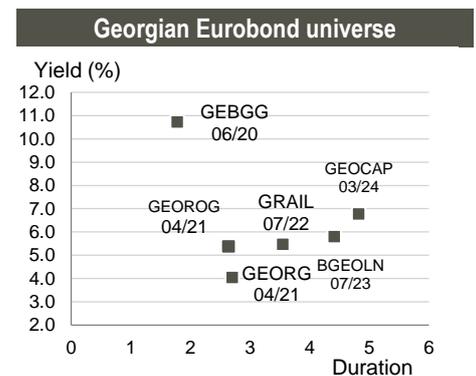


Source: Bloomberg

	Local bonds				Eurobonds					
	GWP 12/21	M2RE 10/19	Nikora 06/19	GLC 08/20	GEOCAP 03/24	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	10.0	10.0	300	500*	250	350	500	500
Issue date	12/16	10/16	08/17	8/17	03-18	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	06/19	8/20	03-24	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	9.0	7.00	6.125%	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/-/-	-/-/-	-/-/-	n/a	-/-/B2e	B-/-/Ba2	BB-/B+/-	BB-/-/B1	BB-/BB-/Ba2	B+/B+/-
Mid price, US\$	n/a	102.8	101.3	101.08	97.0	100.5	103.8	100.9	107.9	108.5
Mid yield, %	n/a	5.5%	3.8%	6.50%	6.8	10.7	5.4	5.8	4.0	5.5
Z-spread, bps	n/a	n/a	n/a	n/a	395.1	346.1	262.9	298.7	128.2	267.8

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



Source: Bloomberg

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	107.9	4.0	128.2
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba2	101.1	4.5	172.4
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	116.1	0.1	-30.2
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.5	1.0	80.1
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	108.8	3.2	48.3
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	111.2	3.6	80.6
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	102.3	3.8	112.2
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba2	103.5	4.4	160.9

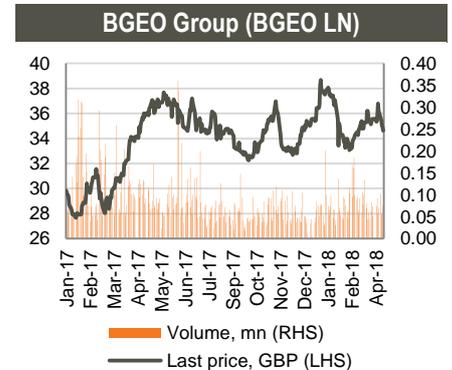
Source: Bloomberg

Equities

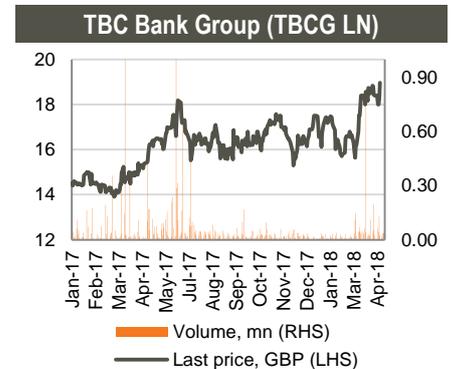
BGEO Group (BGEO LN) shares closed at GBP 34.64/share (-4.31% w/w and -0.40% m/m). More than 336k shares traded in the range of GBP 34.32 – 36.40/share. Average daily traded volume was 66k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 1.55% w/w and lost 0.15% m/m. The volume of BGEO shares traded was at 0.85% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.88 (-5.70% w/w and -2.83% m/m). More than 183k shares changed hands in the range of GBP 17.64 – 18.96 share. Averaged daily traded volume was 54k in the last 4 weeks.

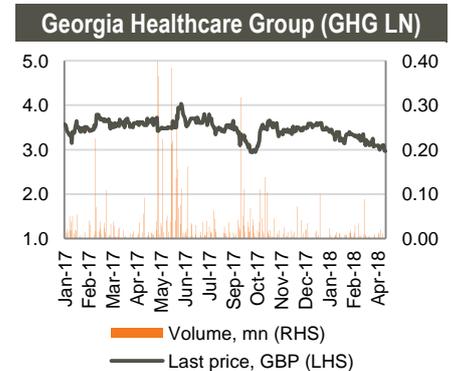
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.97/share (-2.62% w/w and -7.19% m/m). More than 16k shares were traded in the range of GBP 2.97 – 3.20/share. Average daily traded volume was 5k in the last 4 weeks. The volume of GHG shares traded was at 0.01% of its capitalization.



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	34.64*	1,944	-0.4%	-8.2%	2.9%	-2.6%	1.4%
TBC	TBC	17.88*	1,364	-2.8%	4.3%	9.4%	2.2%	16.9%
Halyk Bank	HSBK	12.30	3,381	-13.4%	0.8%	29.5%	24.5%	71.1%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	-38.2%
VTB Bank	VTBR	1.88	12,202	-11.6%	-4.6%	-11.7%	2.9%	-14.9%
Vozrozhdenie Bank	VZRZ	5.46	130	-34.5%	-34.1%	-46.6%	-37.3%	-57.7%
Sberbank	SBER	13.50	72,856	-31.7%	-26.6%	-8.0%	-20.3%	24.1%

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	2.97*	557	-7.2%	-13.9%	-12.6%	-16.3%	-17.5%
Mouwasat	MOUWASAT	48.41	2,420	3.0%	18.2%	13.5%	19.9%	19.5%
Fortis	FORH	2.33	1,208	-1.1%	2.4%	-0.7%	-7.3%	-19.0%
Raffles	RFMD	0.88	1,553	-3.4%	6.7%	2.5%	4.6%	-15.8%
IHH	IHH	1.58	13,018	1.0%	6.5%	14.2%	9.5%	14.7%
Bangkok Chain	BCH	0.56	1,406	8.7%	15.5%	13.8%	13.4%	49.5%
Netcare	NTC	2.24	3,299	3.8%	17.3%	16.1%	10.5%	19.8%

Source: Bloomberg

*GHG share price traded and shown in GBP

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