



Weekly Market Watch

Weekly Market Watch | Georgia
Feb 18, 2019

Economy

Exports up 7.2% y/y in January 2019

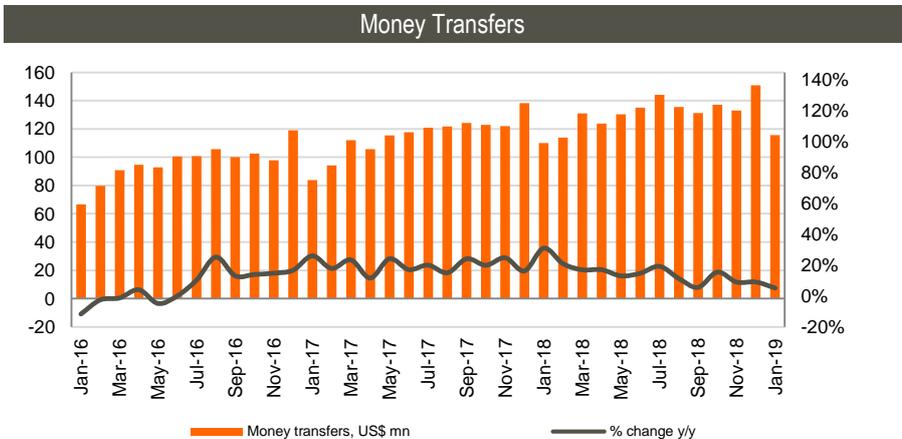
In January 2019, exports increased 7.2% y/y to US\$ 238.8mn, imports were down 1.1% y/y to US\$ 588.0mn and the trade deficit decreased 6.1% y/y to US\$ 349.2mn according to Geostat's preliminary figures. Detailed foreign trade statistics will be available on February 21, 2019.

Money transfers up 5.1% y/y in January 2019

In January 2019, money transfers increased 5.1% y/y to US\$ 115.7mn after growing 9.1% y/y in previous month, according to NBG. Money transfers were up from Italy (+27.5% y/y, 15.2% of total), Greece (+7.5% y/y, 11.6% of total), Israel (+5.2% y/y, 10.7% of total) and US (+14.8% y/y, 10.6% of total). Meanwhile, remittances were down from Russia (-10.8% y/y, 23.9% of total) and Turkey (-22.2% y/y, 5.9% of total).

NBG purchased US\$ 35.0mn

On 11 and 15 February 2019, the NBG intervened on the FX market and purchased US\$ 20.0mn and US\$ 15.00mn, respectively. The NBG purchased US\$ 135mn YTD on its 9 FX auctions.



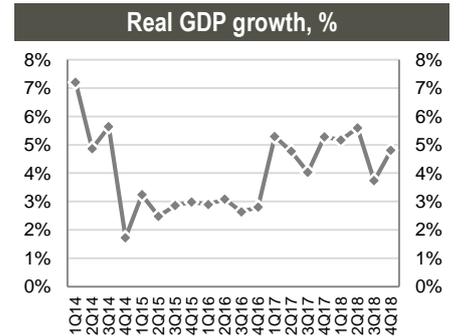
Source: NBG

Key macro indicators			
	2018	2017	2016
GDP (% change)	4.8%	4.8%	2.8%
GDP per capita (ppp)	11,600 ⁽²⁾	10,742	10,065
GDP per capita (US\$)	4,363 ⁽²⁾	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% ⁽¹⁾	8.8%	13.1%
Fiscal deficit (% of GDP)	2.3% ⁽²⁾	2.9%	3.0%
Total public debt (% of GDP)	44.8% ⁽²⁾	44.8%	44.4%

Source: Official data, IMF

1) As of 9M18

2) Preliminary estimate



Source: GeoStat

Note: Rapid estimate for 4Q18

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

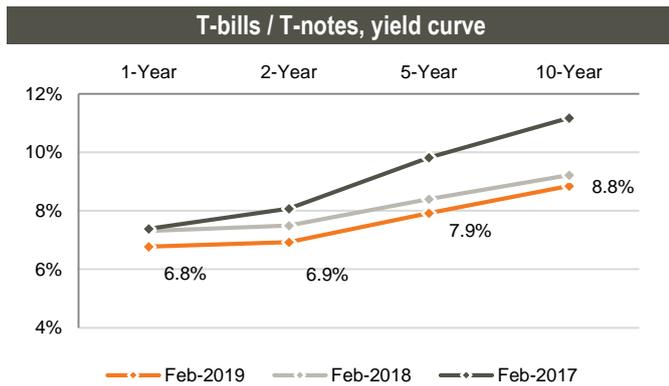


Money market

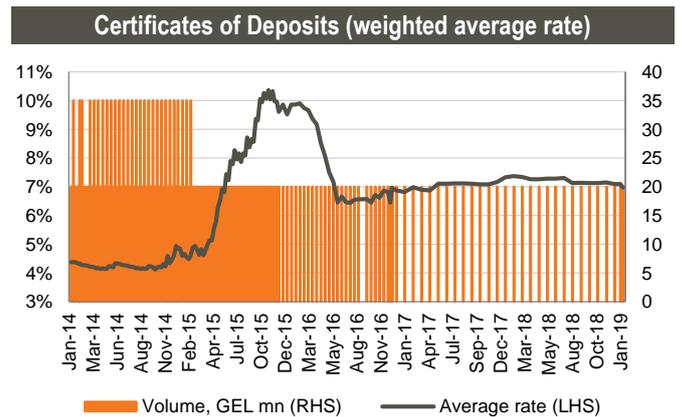
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 340mn (US\$ 128.6mn).

Ministry of Finance Benchmark Bonds: 2-year GEL 40.0mn (US\$ 15.1mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on February 12, 2019. The weighted average yield was fixed at 7.032%. The nearest treasury security auction is scheduled for February 26, 2019, where GEL 30.0mn nominal value 5-year Benchmark Bonds will be sold.

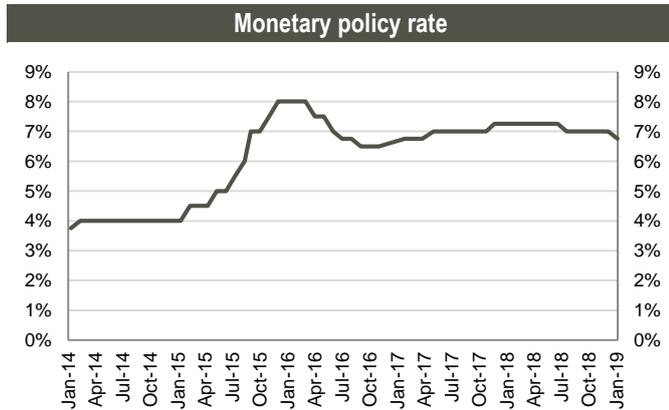
Ministry of Finance T-Bills: 6-month GEL 20.0mn (US\$ 7.6mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on February 12, 2019. The weighted average yield was fixed at 6.757%.



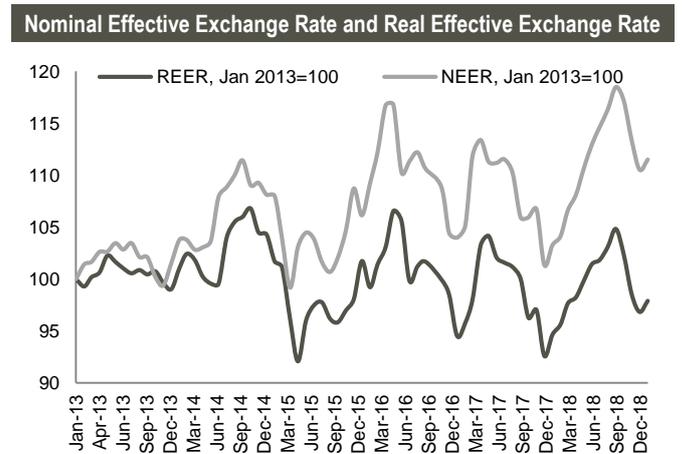
Source: NBG



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Source: NBG

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

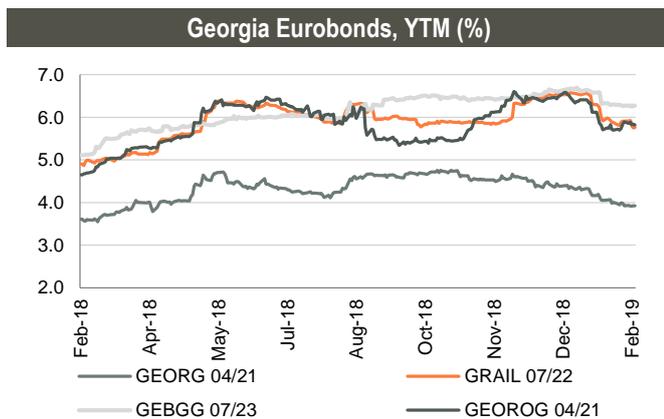


Fixed income

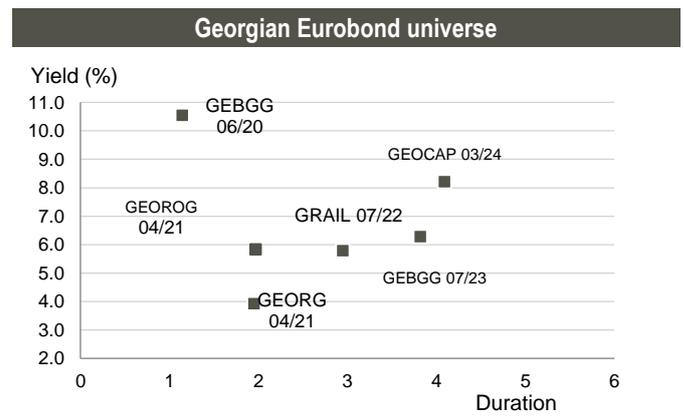
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.3% yield, trading at 98.9 (unchanged w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (-1.0 w/w), yielding 10.5%. Georgia Capital Eurobonds (GEOCAP) were trading at 91.5 (+0.2% w/w), yielding 8.2%.

GOGC Eurobonds (GEOROG) were trading at 101.9 (+0.1% w/w), yielding 5.8%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.0 (+0.4% w/w), yielding 5.8%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.0 (-0.1% w/w) at 3.9% 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	106.01	3.92	128.37
GRAIL 07/22	500	7.750%	07/11/2022	B+/B+/-	105.95	5.79	319.97
GEOROG 04/21	250	6.750%	04/26/2021	BB-/B+/-	101.87	5.82	318.43
GEBGG 06/20	500*	11.000%	06/01/2020	BB-/Ba2	100.50	10.54	n/a
GEBGG 07/23	350	6.000%	07/26/2023	BB-/Ba2	98.95	6.28	369.87
GEOCAP 03/24	300	6.125%	03/09/2024	-B+/B2	91.53	8.21	562.59
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	-/-	100.92	6.00	n/a
GLC 08/20	10	7.000%	29/08/2020	-/-	100.36	6.75	n/a
GLC 06/21	5	6.500%	22/06/2021	-/-	98.93	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/-	100.83	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

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****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	106.0	3.9	128.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	102.3	4.2	165.5
Bulgaria	323	5.000%	19/07/2021	BBB/-	112.5	-0.2	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB/Ba2	110.6	0.6	64.9
Hungary	2,654	6.375%	29/03/2021	BBB-/BBB-/Baa3	106.3	3.3	64.3
Romania	2,019	6.750%	07/02/2022	BBB-/BBB-/Baa3	108.7	3.6	103.4
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	102.1	3.2	50.5
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	100.9	5.2	254.4

Source: Bloomberg

Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 16.79/share (+5.93% w/w and +7.46% m/m). More than 208k shares traded in the range of GBP 15.81 – 16.90/share. Average daily traded volume was 53k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 1.85 % w/w and 3.08% m/m. The volume of BGEO shares traded was at 0.42% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 11.30/share (+1.45% w/w and +11.02% m/m). More than 141k shares traded in the range of GBP 11.02 – 11.34/share. Average daily traded volume was 26k in the last 4 weeks. The volume of CGEO shares traded was at 0.37% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 13.16 (-6.53% w/w and -9.49% m/m). More than 150k shares changed hands in the range of GBP 13.00 – 14.52/share. Average daily traded volume was 19k in the last 4 weeks. The volume of TBCG shares traded was at 0.28% of its capitalization.

Georgia Healthcare Group (GHG LN) shares closed at GBP 2.32/share (+1.28% w/w and +16.29% m/m). More than 147k shares were traded in the range of GBP 2.22 – 2.59/share. Average daily traded volume was 16k in the last 4 weeks. The volume of GHG shares traded was at 0.11% 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	BGEO 16.79*	1,061	7.5%	5.2%	0.5%	21.9%	-27.0%
TBC	TBC 13.16*	917	-9.5%	-20.0%	-16.7%	-13.5%	-20.7%
Halyk Bank	HSBK 10.90	3,203	2.3%	-0.9%	1.9%	5.3%	-15.2%
VTB Bank	VTBR 1.22	7,893	2.3%	-9.1%	-8.4%	9.9%	-32.9%
Vozrozhdenie	VZRZ 6.98	166	-2.2%	-1.8%	11.0%	1.9%	-17.7%
Sberbank	SBER 12.66	68,323	5.0%	2.0%	11.7%	15.5%	-37.0%

Source: Bloomberg
*BGEO 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 11.30*	554	11.0%	-4.5%	11.9%	10.7%	n/a
Creades	CREDA 30.52	250	3.3%	2.5%	4.6%	9.0%	-25.9%
CIE du Bois	COMB 440.66	743	1.8%	1.2%	-2.4%	2.1%	-7.0%
Tinc Comm	TINC 13.41	366	-1.1%	-1.2%	-2.3%	-0.8%	-14.7%
Edify	EDIFY 57.48	279	-3.0%	-8.5%	-16.3%	-5.3%	-25.1%

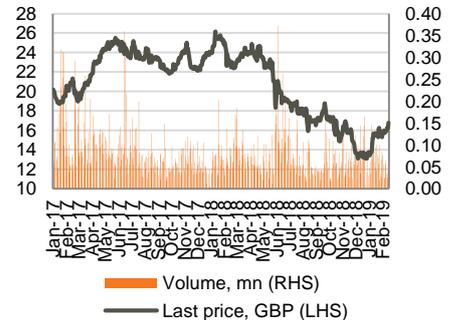
Source: Bloomberg
*CGEO share price traded and shown in GBP

Healthcare Sector Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG 2.32*	393	16.3%	-1.3%	-9.7%	13.7%	-30.4%
Mouwasat	MOUWASAT 20.26	2,026	-3.8%	1.2%	-16.0%	-5.6%	-15.4%
Fortis	FORH 1.89	1,427	-2.7%	-5.5%	-9.3%	-6.2%	-15.7%
Raffles	RFMD 0.82	1,469	-4.4%	4.1%	6.4%	1.3%	-1.7%
IHH	IHH 1.37	12,049	-1.0%	24.9%	3.2%	5.4%	-11.4%
Bangkok Chain	BCH 0.55	1,364	10.5%	-3.6%	4.2%	6.6%	3.8%
Netcare	NTC 1.78	2,613	-6.4%	4.0%	-5.5%	-3.3%	-19.5%

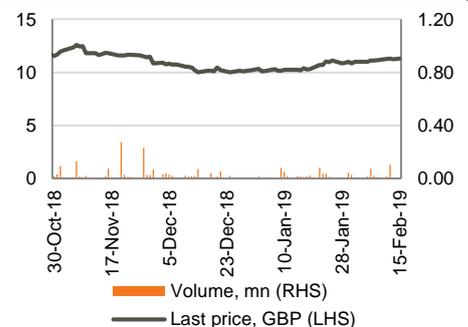
Source: Bloomberg
*GHG share price traded and shown in GBP

Bank of Georgia Group (BGEO LN)



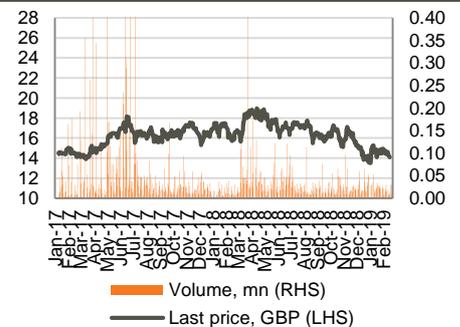
Source: Bloomberg

Georgia Capital (CGEO LN)



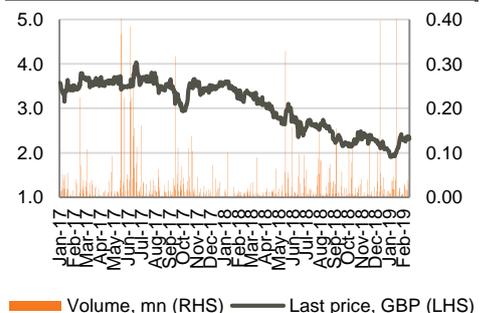
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg



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