



Weekly Market Watch

Weekly Market Watch | Georgia
Mar 12, 2018

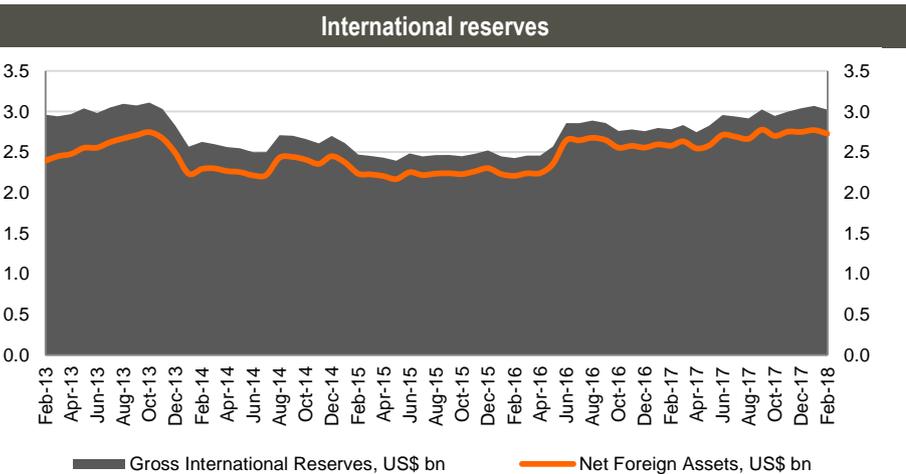
Economy

Tourist arrivals up 27.1% y/y in February 2018

Total international arrivals to Georgia increased 19.8% y/y to 0.44mn visitors in February 2018, according to the Ministry of Internal Affairs. A 27.1% y/y growth in tourist arrivals (0.18mn persons, 40.3% of total) drove arrival growth. Out of top countries by arrivals, in February 2018, visitors continued to increase from Armenia (+27.1% y/y), Turkey (+28.1% y/y), Russia (+24.2% y/y) and Iran (+130.6% y/y) while arrivals were down from Azerbaijan (-2.2% y/y). Arrivals from EU were up 27.7% y/y to over 15,627 visitors. Overall in 2M18 international arrivals were up 17.2% to 0.89mn persons while tourist arrivals were up 24.9% to 0.37mn persons.

International reserves up 8.7% y/y in February 2018

Gross international reserves were up 8.7% y/y to US\$ 3.0bn in February 2018, while reserves were down 1.5% m/m, according to NBG. There were no FX interventions by central bank in February. Change in reserves was attributed to government FX operations and/or asset revaluation.



Source: NBG

Key macro indicators

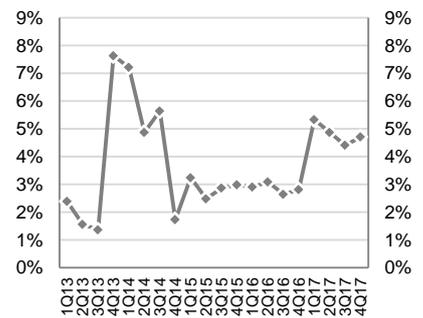
	2M18	2017	2016
GDP (% change)	4.4% ⁽²⁾	4.8%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US\$)	3,865
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.7%	6.7%	1.8%
Gross reserves (US\$ bn)	3.0	3.0	2.8
CAD (% of GDP)	...	7.1% ⁽¹⁾	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.6%

Source: Official data, IMF

(1) As of 9M17

(2) As of 1M17

Real GDP growth, %



Source: GeoStat

Note: Rapid estimate for 4Q17

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

 BB- Stable Affirmed May-2017	 Ba2 Stable Affirmed Sep-2017	 BB- Stable Affirmed Sep-2017
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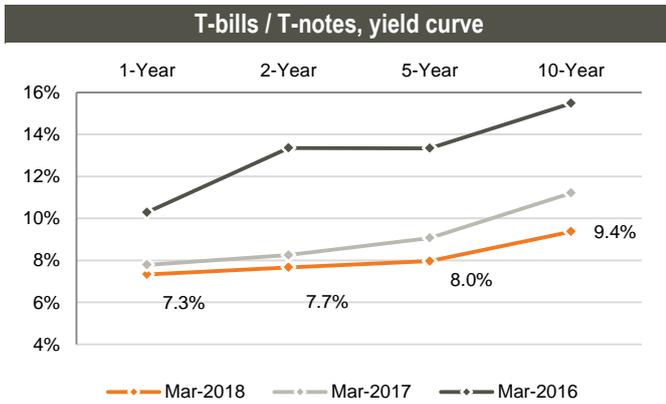
Source: Rating agencies



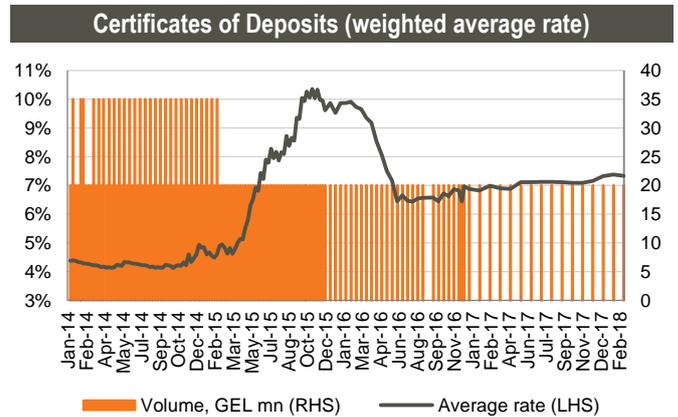
Money market

Ministry of Finance Treasury Bills:

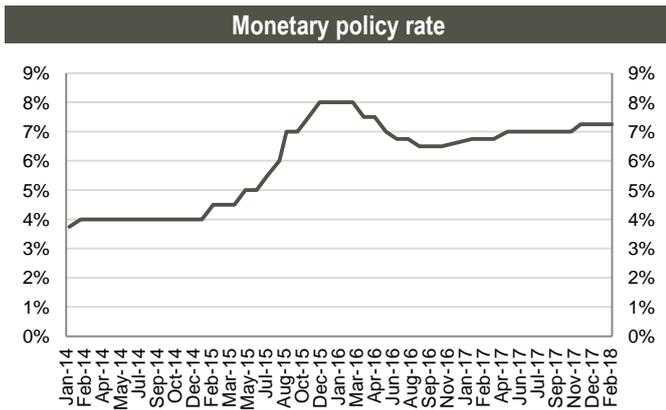
1-year GEL 40.0mn (US\$ 16.4mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on March 7, 2018. The weighted average yield was fixed at 7.329%. The nearest treasury security auction is scheduled for March 14, 2018, where GEL 40.0mn nominal value 2-year T-Notes and GEL 20.0mn nominal value 182-days T-Bills will be sold.



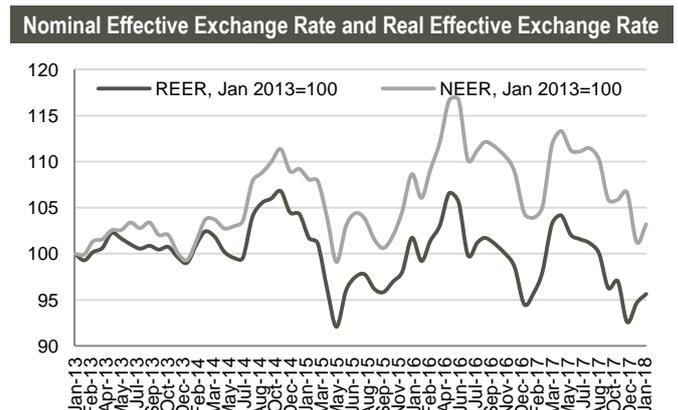
Source: NBG



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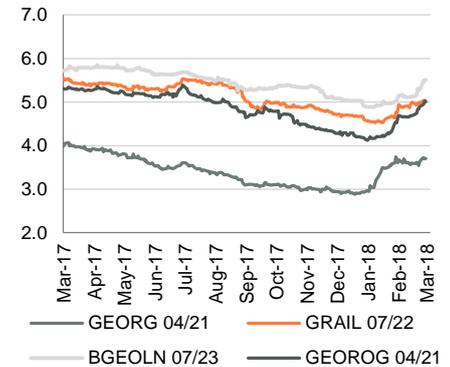
Source: NBG

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

Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.5% yield, trading at 102.3 (-1.0% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. GOGC Eurobonds (GEOROG) were trading at 104.7 (-0.5% w/w), yielding 5.0%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 110.2 (-0.3% w/w), yielding 5.1%.

Georgian Sovereign Eurobonds (GEORG) closed at 109.1 (-0.3% w/w) at 3.7% yield to maturity.

Georgia Eurobonds, YTM (%)


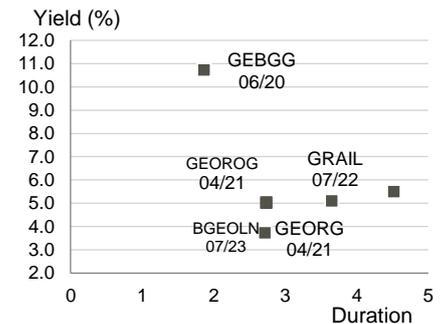
Source: Bloomberg

	Local bonds					Eurobonds				
	GWP 12/21	M2RE 10/19	Nikora 03/18	Nikora 06/19	GLC 08/20	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	5.0	10.0	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	08/17	8/17	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	06/19	8/20	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	9.0	7.00	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/-/-	-/-	-/-	-/-	n/a	BB-/-/Ba2	BB-/B+/-	BB-/-/B1	BB-/BB-/Ba2	B+/B+/-
Mid price, US\$	n/a	103.0	101.3	101.3	101.13	100.5	104.9	102.3	109.1	110.2
Mid yield, %	n/a	5.5%	8.5%	3.8%	6.50%	10.7	5.0	5.5	3.7	5.1
Z-spread, bps	n/a	n/a	n/a	n/a	n/a	346.1	233.5	269.7	103.0	233.5

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

Georgian Eurobond universe


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	109.1	3.7	103.0
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba2	101.0	4.6	173.1
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	116.6	0.0	-31.0
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	110.9	1.2	90.3
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	109.2	3.2	48.2
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	111.7	3.5	78.0
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	103.9	3.1	52.4
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba2	104.0	4.2	153.1

Source: Bloomberg

Equities

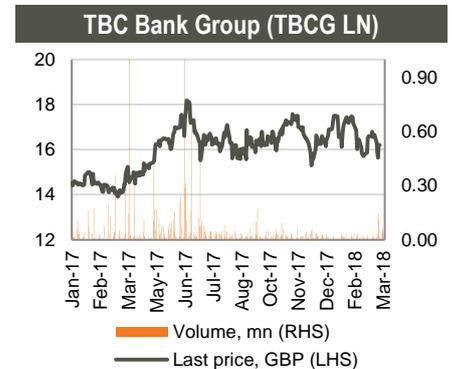
BGEO Group (BGEO LN) shares closed at GBP 34.80/share (+1.58% w/w and +1.69% m/m). More than 396k shares traded in the range of GBP 32.94 – 35.32/share. Average daily traded volume was 92k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 3.53% w/w and gained 4.44% m/m. The volume of BGEO shares traded was at 1.01% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 18.40 (+13.58% w/w and +16.60% m/m). More than 235k shares changed hands in the range of GBP 16.06 – 18.40 share. Averaged daily traded volume was 34k in the last 4 weeks.

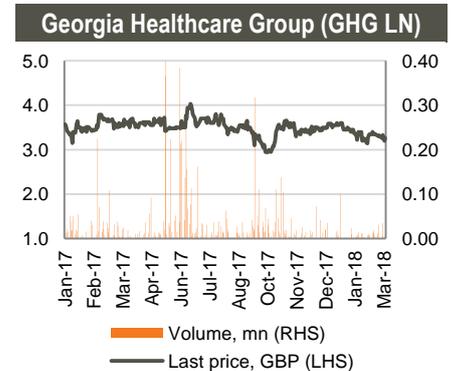
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.27/share (-1.06% w/w and +0.46% m/m). More than 49k shares were traded in the range of GBP 3.20 – 3.40/share. Average daily traded volume was 9k in the last 4 weeks. The volume of GHG shares traded was at 0.04% of its capitalization.



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	34.8*	1,901	1.7%	3.7%	4.9%	-2.2%	18.9%
TBC	TBC	18.4*	1,367	16.6%	13.0%	13.6%	5.1%	29.6%
Halyk Bank	HSBK	14.75	4,055	21.4%	53.6%	53.3%	49.3%	128.3%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	-54.7%
VTB Bank	VTBR	2.18	14,101	26.0%	20.0%	2.4%	18.9%	3.9%
Vozrozhdenie Bank	VZRZ	8.57	204	1.2%	-13.8%	-13.1%	-1.5%	-31.5%
Sberbank	SBER	19.93	107,557	10.0%	23.6%	43.9%	17.7%	84.4%

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	3.265*	596	0.5%	-6.7%	-6.7%	-8.0%	-6.0%
Mouwasat	MOUWASAT	46.44	2,322	0.3%	9.4%	8.2%	15.0%	17.8%
Fortis	FORH	2.24	1,160	-2.9%	-1.7%	-7.2%	-11.0%	-16.5%
Raffles	RFMD	0.88	1,562	7.8%	11.5%	12.0%	5.3%	-10.9%
IHH	IHH	1.55	12,767	3.2%	12.5%	11.1%	7.4%	16.7%
Bangkok Chain	BCH	0.52	1,298	2.2%	6.8%	15.7%	4.6%	48.4%
Netcare	NTC	2.18	3,200	4.0%	31.8%	16.0%	7.2%	-6.3%

Source: Bloomberg

*GHG share price traded and shown in GBP



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