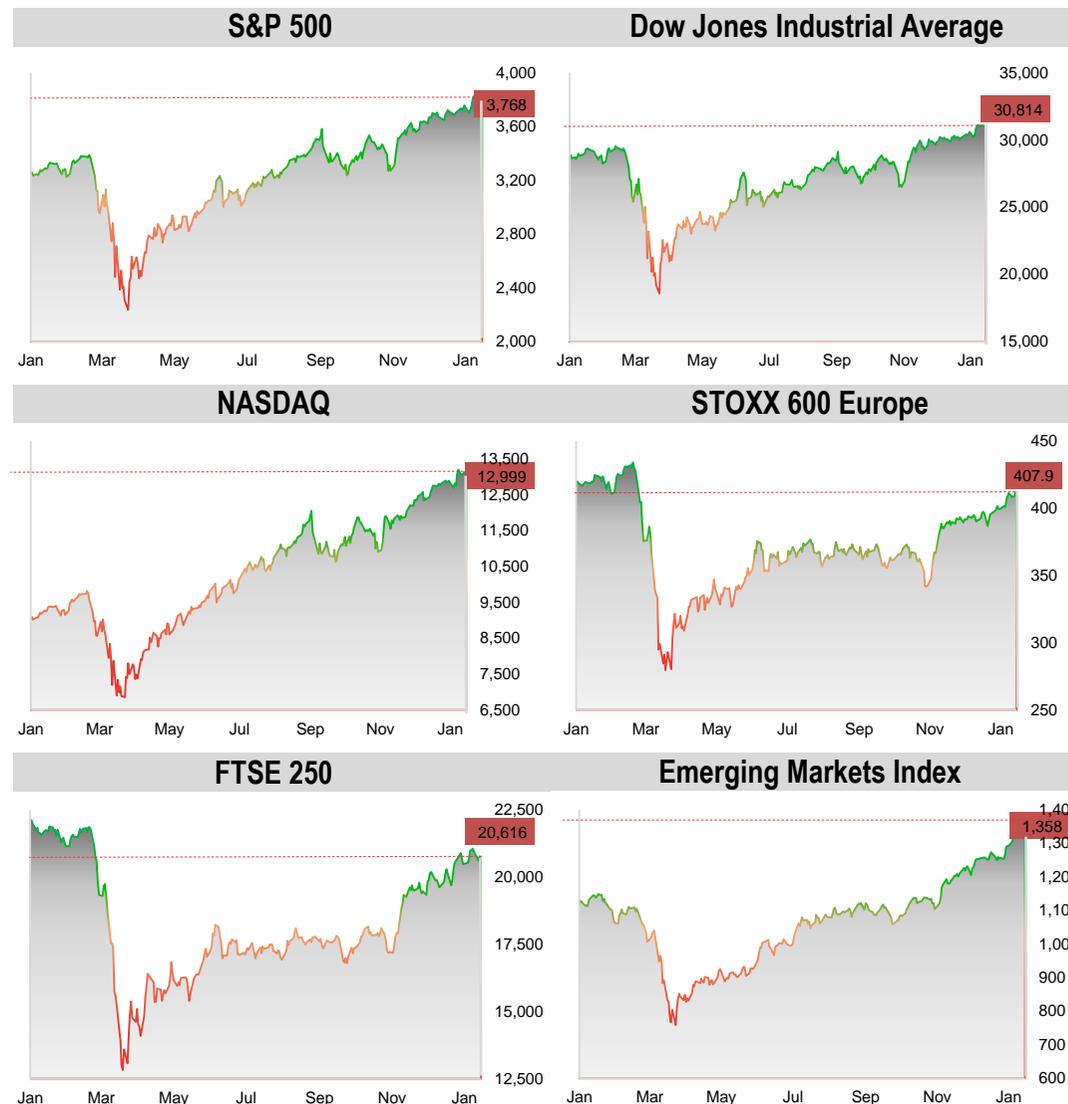


Global Market Watch

Global markets
Periodic
January 18, 2021

What's moving markets

- The major news of the first week of 2021 was the victory of Democrats in Georgia (US), and as a result control over both, Senate and House of Representatives. For the past couple of years, the Senate was controlled by Republicans, creating a bottle-neck for every change suggested by Democratic-controlled House of Representatives. This also means that president Biden will have a full support, enabling him to carry out a big agenda of legislative changes (healthcare, the environment, etc.). Markets welcomed the news of Georgia win, hoping for more fiscal stimulus from the US and its positive impact on stock markets. Notably, stock markets once again proved their immunity to violence, disregarding riots in US Capitol by Trump supporters in the beginning of the month.
- Another major news of the first days of 2021 was finalization of Brexit. After years of negotiations, the EU and the UK agreed on the terms for Brexit, avoiding a harsh 'no-deal' scenario. Sterling depreciated by 6% against Euro during 2020 and continued slight weakness in the first two weeks of 2021.
- Joe Biden seeks US\$ 1.9tn stimulus for the economy in its first economic rescue plan. The plan includes US\$ 415bn for Covid-19 management, US\$ 1tn in relief spending for households, translating into direct US\$ 2,000 payments to Americans and US\$ 440bn for communities and businesses. Notably, this stimulus package is the double the amount that was agreed in December (US\$ 900bn), on top of the already unveiled US\$ 3tn at the start of the pandemic.
- Bitcoin price has experienced a tremendous growth in December breaking through the \$20,000 level by December 16, 2020 and finishing the month at c. 40% higher. The rally continued in 2021 as well, reaching new all-time high of \$42,000 by January 8, 2021. However, the price of the crypto currency tumbled, down by c. 26% to \$31,000 in a few days, wiping out c. US\$ 150bn from the entire crypto currency market. According to Bitcoin bulls, the rally of 2021 is different from 2017 bubble, because now apart from retail investors, large institutional investors such as Square, MicroStrategy and MassMutual as well as Wall Street billionaires started investing in the coin. In addition, PayPal enabled millions of its customers to buy Bitcoin.
- Joe Biden's fiscal stimulus package was positively received by the markets, however by 15 of January the news faded away. Major American indexes traded in the range of end-December levels during the first 2 weeks of 2021. S&P 500 posted a marginal, 0.3% growth, over the 2-week period. Notably, within the S&P index social media stocks underperformed, after Facebook and Twitter announced banning President Donald Trump. European stocks performed strongly, with STOXX 600 posting a 2.2% growth in the first 2 weeks of 2021, while FTSE 250 increased by 0.6% in the same period.



Source: Bloomberg
Note: Data as of 15 January 2021

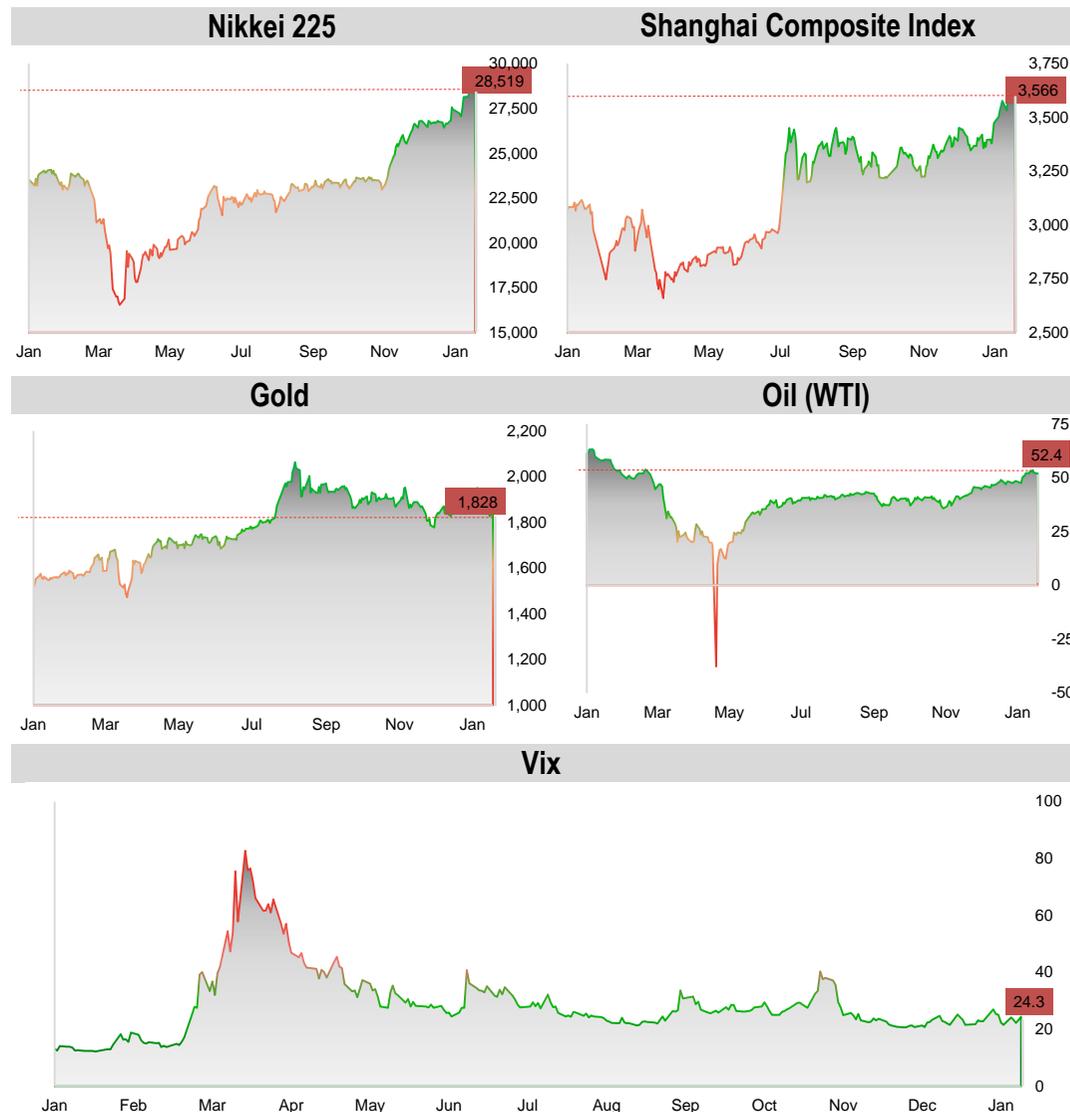
- 2021 started strongly for Chinese stocks, with China's CSI 300 index surpassing the 2015 highs. Shanghai Composite Index finished the first half of January 2.7% higher compared to end-December level. This comes despite US sanctions and Alibaba-related questions.
- Stocks in Japan continue the rally, with Nikkei 225 index reaching another high, trading at 28,242 the highest level since 1991. Notably, on the back of the increased COVID-19 cases a state of emergency was declared in Tokyo, followed by restrictions.
- Asian shares were further lifted by the Joe Biden's new US\$ 1.9tn stimulus package proposition

Commodities

- The beginning of 2021 has seen WTI oil price surpass US\$ 50 threshold for the first time since March 2020 lows, this comes after Brent crude price topped the US\$ 50 level in December. The uptake in oil prices was supported by vaccine and stimulus news as well as the surprise move by Saudi Arabia, pledging to cut output by 1mn barrels per day in February and March 2021. Notably, growing COVID-19 cases worldwide keep oil prices in check.
- Gold prices firmed during the first 2 weeks of 2021, with gold trading at \$1,828 per troy ounce as of 15 January. Notably, more stimulus and higher inflation expectations supported the gold price.

Volatility

- Despite the mass unrest in the US in the beginning of 2021, Cboe Volatility Index, VIX, the gauge of fear in S&P market, slightly increased, reaching 27.0 by 4 January, however later retreated back to 24.0 by 15 January.



Source: Bloomberg
Note: Data as of 15 January 2021

Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia Group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisors or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

Senior Analyst

Ana Nachkebia | ananachkebia@gt.ge

Address: 79 D. Aghmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge