



Regional Fixed Income Market Watch

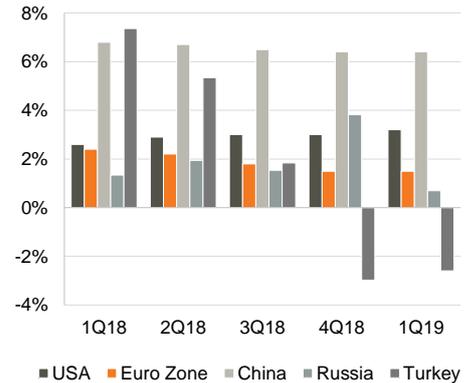
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
Monthly Bulletin
June 19, 2019

Highlights

- Real GDP growth in the US was revised down to an annualized 3.1% (2nd estimate) in 1Q19 from 3.2% initial estimate. Unemployment rate was 3.6% in May 2019, unchanged from previous month.
- Turkish economy contracted by 2.6% y/y in 1Q19, after falling 3.0% y/y in 4Q18.
- In April 2019, economic growth was 9.2% y/y in Armenia, 5.1% y/y in Georgia, 3.6% y/y in Kazakhstan and 2.7% y/y in Russia, based on preliminary data. In 4M19, real GDP growth was 2.1% y/y in Azerbaijan and 1.2% y/y in Belarus.
- Annual inflation in the US was 1.8% in May 2019, down from 2.0% in previous month. Based on the Eurostat flash estimate, annual inflation in EU19 was 1.2% in May 2019, down from 1.7% in April 2019.
- In May 2019, annual inflation was above the target level in Georgia (4.7%), Russia (5.1%), Belarus (6.2%), Ukraine (9.6%) and Turkey (18.7%); inflation was within the target range in Kazakhstan (5.3%), and below the target in Armenia (2.8%). Annual inflation was 2.8% in Azerbaijan in May 2019.
- Monetary policy rate was reduced by 0.25bp to 8.5% in Azerbaijan, by 0.25bp to 7.5% in Russia and has remained unchanged in other countries as of 18 June 2019.
- Moody's downgraded the sovereign credit rating of Turkey to B1 from Ba3 keeping negative outlook on 14 June 2019.

GDP growth rate, y/y



Source: Central banks, Statistics Offices, Bloomberg

Key macro indicators

	GDP, % change			GDP, US\$ bn			GDP per capita, US\$			Inflation, period average			Fiscal balance, % of GDP			Current account balance, % of GDP		
	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F
Armenia	5.2%	4.6%	4.5%	12.4	13.1	13.9	4,149	4,381	4,636	2.5%	2.1%	3.0%	-1.8%	-2.5%	-2.0%	-6.2%	-4.6%	-4.3%
Azerbaijan	1.4%	3.4%	3.1%	45.4	45.2	47.4	4,569	4,498	4,659	2.3%	2.5%	2.5%	4.0%	4.4%	5.9%	12.6%	11.7%	13.3%
Belarus	3.0%	1.8%	2.2%	59.6	61.0	63.7	6,306	6,477	6,799	4.9%	5.0%	5.0%	2.3%	-2.0%	-1.7%	-2.3%	-4.0%	-2.3%
Georgia	4.7%	4.6%	5.0%	16.2	17.2	18.9	4,346	4,661	5,138	2.6%	2.5%	3.0%	-0.9%	-1.7%	-2.3%	-7.7%	-8.0%	-7.8%
Kazakhstan	4.1%	3.2%	3.2%	170.5	164.2	177.3	9,237	8,764	9,325	6.0%	5.5%	5.0%	0.5%	1.4%	1.7%	0.6%	0.1%	0.6%
Ukraine	3.3%	2.7%	3.0%	124.6	134.9	147.2	2,963	3,221	3,528	10.9%	8.0%	5.9%	-2.3%	-2.3%	-2.3%	-3.7%	-2.5%	-2.4%
Russia	2.3%	1.6%	1.7%	1,630.7	1,610.4	1,667.5	11,327	11,191	11,597	2.9%	5.0%	4.5%	2.8%	1.0%	0.8%	7.0%	5.7%	5.1%
Turkey	2.6%	-2.5%	2.5%	766.4	706.2	809.6	9,346	8,507	9,633	16.3%	17.5%	14.1%	-3.6%	-3.1%	-3.5%	-3.6%	0.7%	-0.4%

Source: IMF, Statistic Offices, Central Banks

Sovereign credit ratings

	Fitch			Moody's			S&P		
	LC	FC	Outlook	LC	FC	Outlook	LC	FC	Outlook
Armenia	B+	B+	positive	B1	B1	positive	NA	NA	NA
Azerbaijan	BB+	BB+	stable	Ba2	Ba2	stable	BB+	BB+	stable
Belarus	B	B	stable	B3	B3	stable	B	B	stable
Georgia	BB	BB	stable	Ba2	Ba2	stable	BB-	BB-	positive
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	stable	BBB-	BBB-	stable
Ukraine	B-	B-	stable	Caa1	Caa1	stable	B-	B-	stable
Russia	BBB-	BBB-	positive	Baa3	Baa3	stable	BBB	BBB-	stable
Turkey	BB+	BB	negative	B1	B1	negative	BB-	B+	stable

Source: Fitch Ratings, S&P Global, Moody's

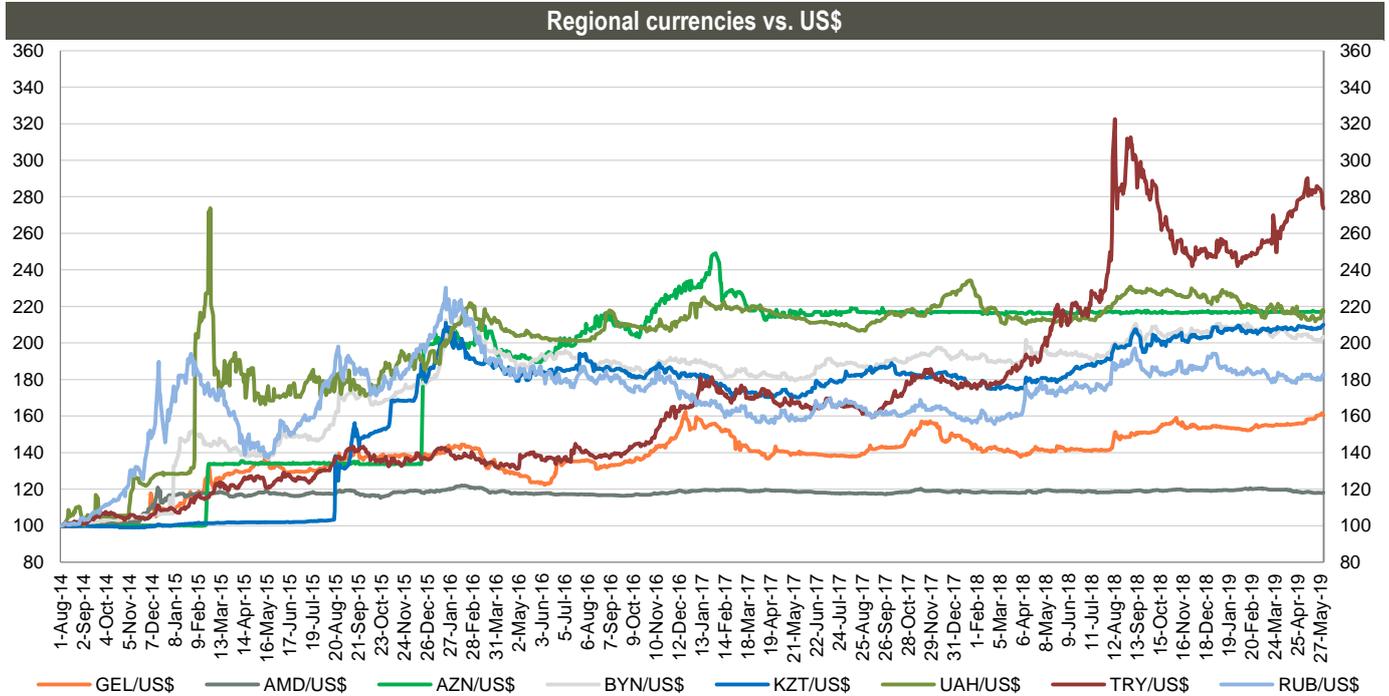
Monetary stance

	Inflation, y/y		MPR
	May-19	Latest	
Armenia	2.8%	5.75%	
Azerbaijan	2.8%	8.50%	
Belarus	6.2%	10.0%	
Georgia	4.7%	6.50%	
Kazakhstan	5.3%	9.00%	
Ukraine	9.6%	17.5%	
Russia	5.1%	7.50%	
Turkey	18.7%	24.0%	

Source: Central banks, Statistics Offices

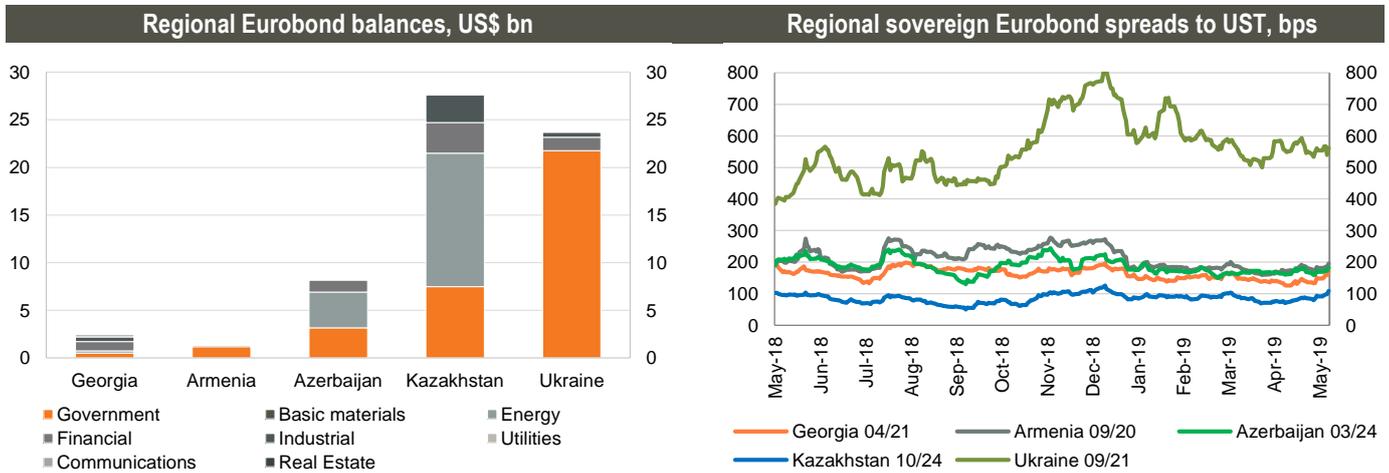


Eurobonds



Source: Bloomberg

Note: National currency per US\$; Index growth means depreciation of the local currency, index decline means appreciation of the local currency; Aug-2014=100



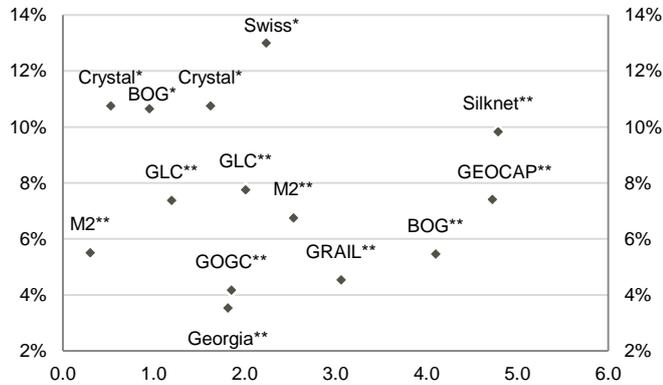
Source: Bloomberg

Source: Bloomberg



Snapshot: Georgia

Yield curve

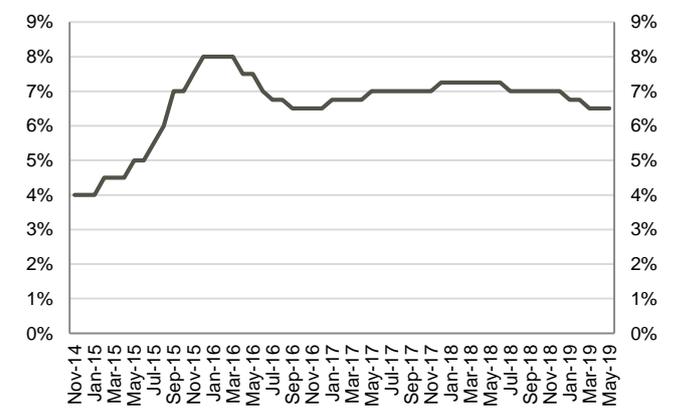


Remaining maturity

*In GEL; **In US\$

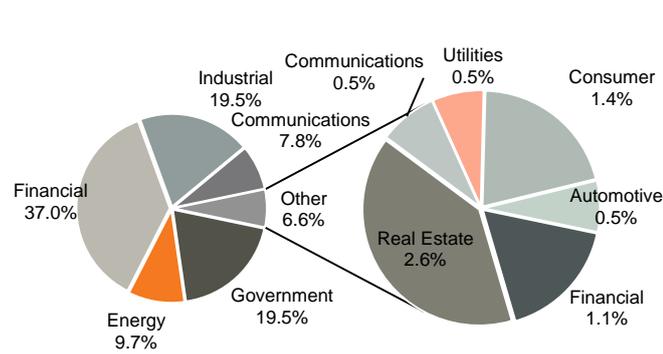
Source: Bloomberg, Galt & Taggart

Monetary policy rate



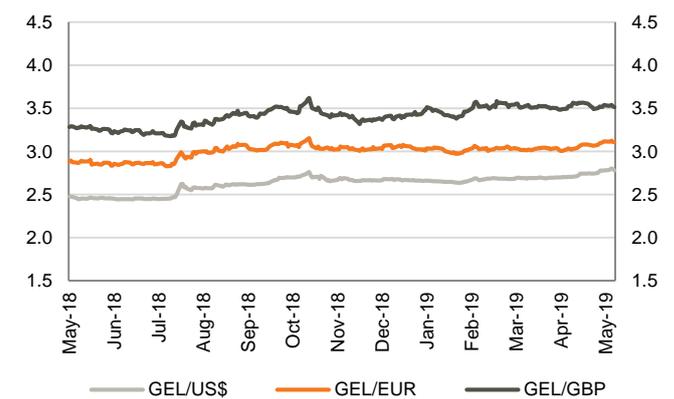
Source: National Bank of Georgia

Bond universe by sector (US\$ 2.6bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



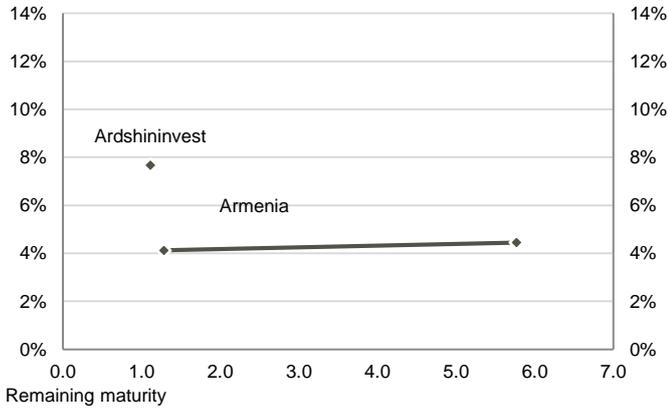
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's/Scope)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB/BB-/Ba2/-	500	105.82	3.53	London
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	109.10	4.53	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB-/B+/-/-	250	104.56	4.16	London
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/B2/-	500	100.30	10.65	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/B2/-	350	101.97	5.46	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	N/A	11.13%	B-/B-/B-	100	103.66	10.39	Dublin
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-/B+/B2/-	300	94.96	7.40	Dublin
Silknet	US\$	Communications	SILNET	Apr-24	11.00%	B+/-/B1/-	200	104.37	9.83	Dublin
GWP	GEL	Utilities	GEWRPW	Dec-21	10.00%	BB-/B-/B-	30	N/A	N/A	Georgia
M2 Real Estate	US\$	Real Estate	\$M204J	Oct-19	7.50%	-/-/-	25	100.60	5.50	Georgia
M2 Commercial Assets	US\$	Real Estate	\$M2C01L	Dec-21	7.50%	-/-/-	30	101.74	6.75	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-	10	99.56	7.38	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-	5	97.70	7.75	Georgia
Nikora Trade	GEL	Consumer	#NKR02L	Aug-21	10.50%	-/-/B+	25	N/A	N/A	Georgia
Silknet	GEL	Communications	#SLK01M	Aug-22	10.00%	B+/-/B1/-	34	N/A	N/A	Georgia
MFO Crystal	GEL	Financial	#CRS01J	Dec-19	11.00%	B/-/-	10	100.13	10.75	Georgia
MFO Crystal	GEL	Financial	#CRS02L	Feb-21	10.50%	B/-/-	15	99.63	10.75	Georgia
MFO Swiss Capital	GEL	Financial	N/A	Sep-21	12.75%	B-/B-/B-	10	100.00	13.00	Not Listed
Georgian Beer Company	GEL	Consumer	#GBC01N	Dec-23	10.50%	-/-/BB-	25	N/A	N/A	Georgia
Lisi Lake Development	US\$	Real Estate	\$LLD01L	Dec-21	8.00%	-/-/B+	12	N/A	N/A	Georgia
Tegeta 04/22	GEL	Automotive	N/A	Apr-22	10.75%	-/-/BB-	30	N/A	N/A	N/A

Source: Bloomberg, Galt & Taggart

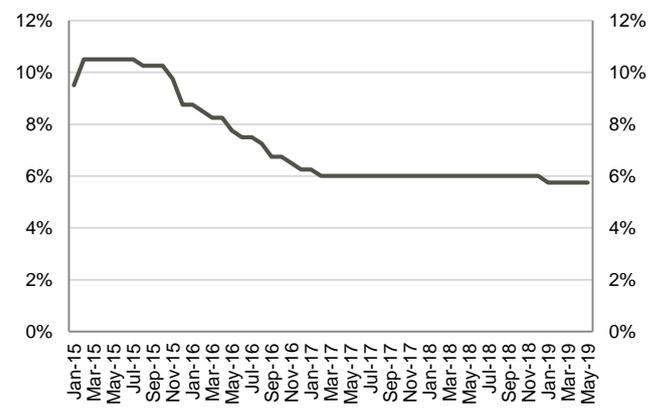
Snapshot: Armenia

Yield curve



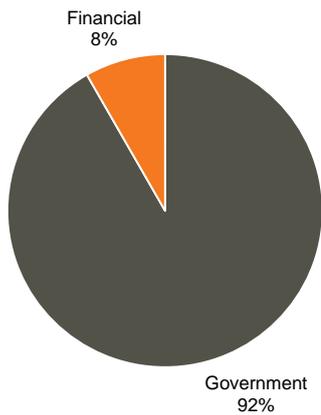
Source: Bloomberg

Monetary policy rate



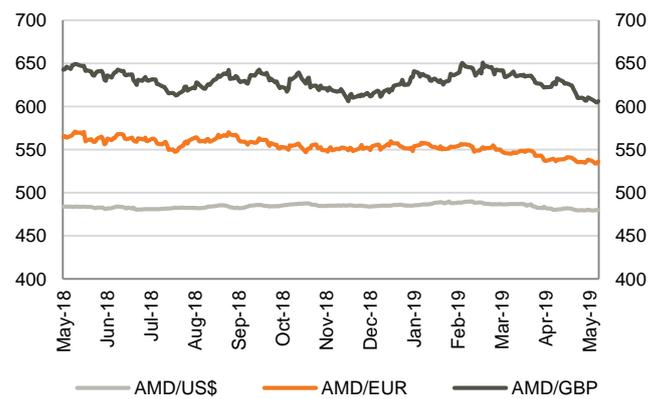
Source: Central Bank of Armenia

Bond universe by sector (US\$ 1.3bn total)



Source: Bloomberg

Foreign exchange rates



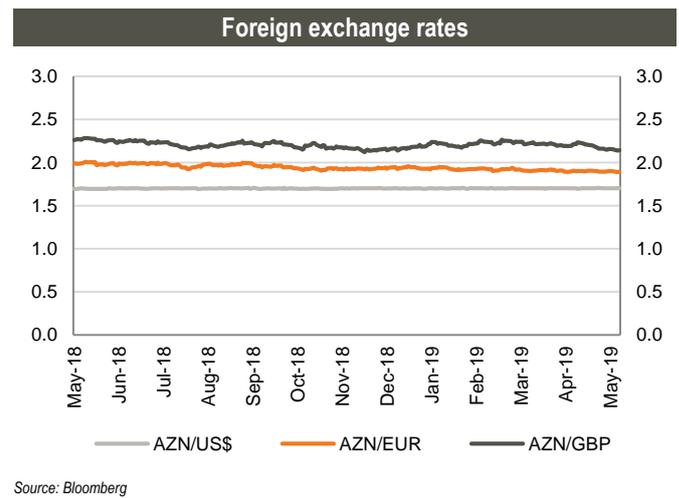
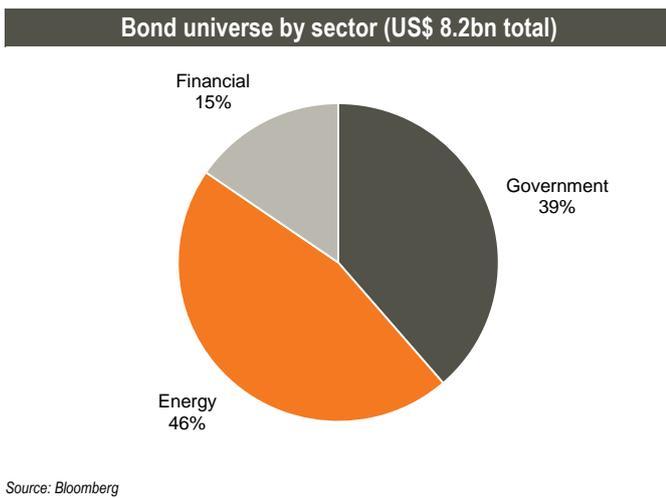
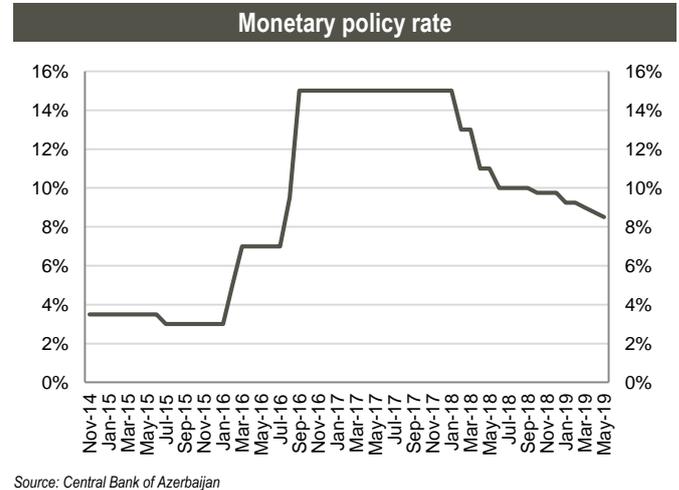
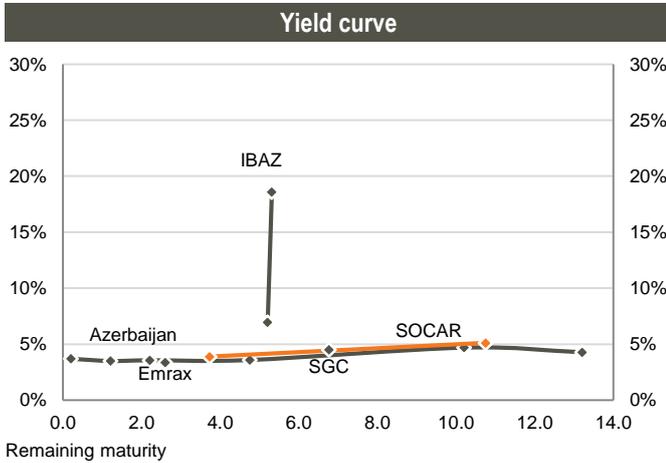
Source: Bloomberg

Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Armenia	US\$	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	102.64	3.86	Dublin
Republic Of Armenia	US\$	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	113.59	4.45	Dublin
Ardshinvestbk	US\$	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	104.50	7.68	Dublin
Armswissbank	US\$	Financial	ARMSWI	Apr-20	8.50%	-/-	5	N/A	N/A	Armenia

Source: Bloomberg

Snapshot: Azerbaijan



Bond performance

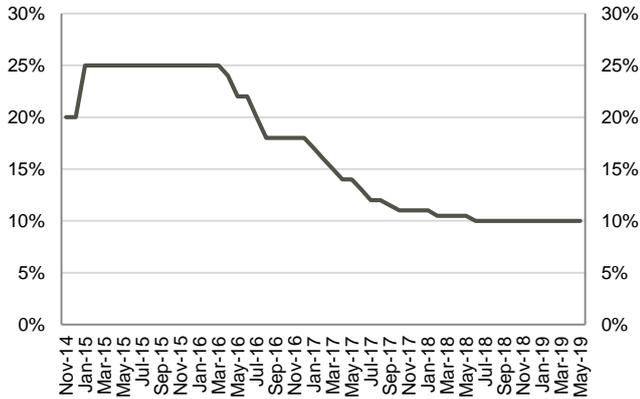
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-19	2.82%	BB+/-/Ba2	174	99.82	3.69	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	99.21	3.50	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	98.44	3.56	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	105.04	3.59	Stuttgart
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	103.48	4.69	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	92.22	4.28	Not Listed
Southern Gas Corridor	US\$	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	113.76	4.49	Dublin
SOCAR	US\$	Energy	SOIAZ	Mar-23	4.75%	BB+/-/Ba2	1,000	103.00	3.88	London
SOCAR	US\$	Energy	SOIAZ	Mar-30	6.95%	BB+/-/Ba2	750	115.13	5.10	London
Emraxbank	US\$	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	113.92	3.36	Baku
IBAZ	US\$	Financial	IBAZAZ	Sep-24	3.50%	B-/-	1,000	85.16	6.95	Not Listed
IBAZ	US\$	Financial	IBAZAZ	Oct-24	8.25%	-/WR	250	63.36	18.58	Dublin

Source: Bloomberg



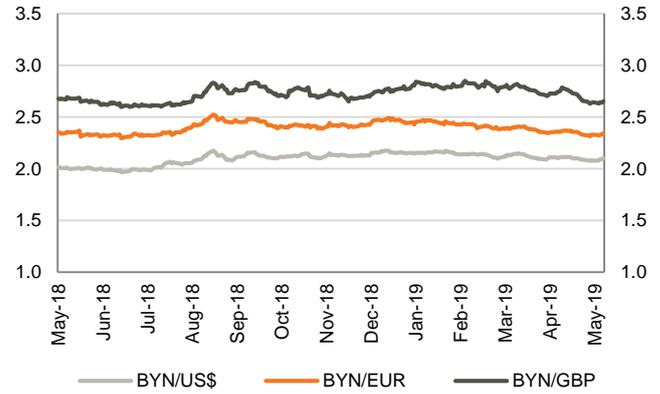
Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

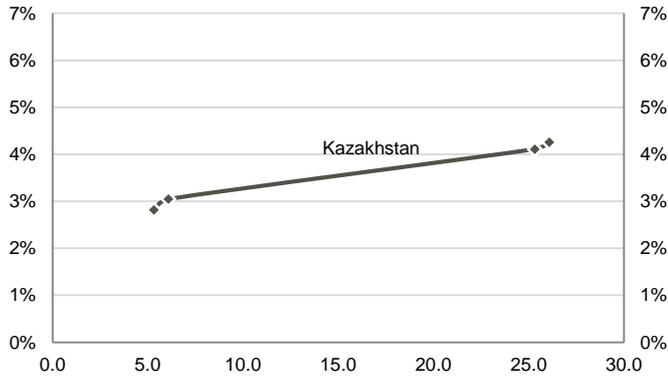
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Belarus	US\$	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	105.01	5.36	Dublin
Republic Of Belarus	US\$	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	109.55	6.10	Dublin
Republic Of Belarus	US\$	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	101.50	6.01	Dublin

Source: Bloomberg

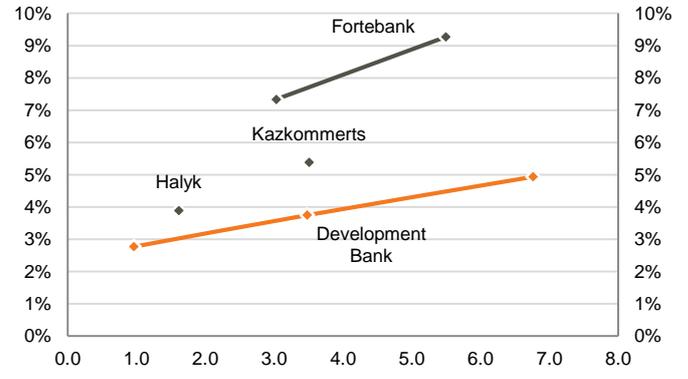
Snapshot: Kazakhstan

Yield curve (sovereign)



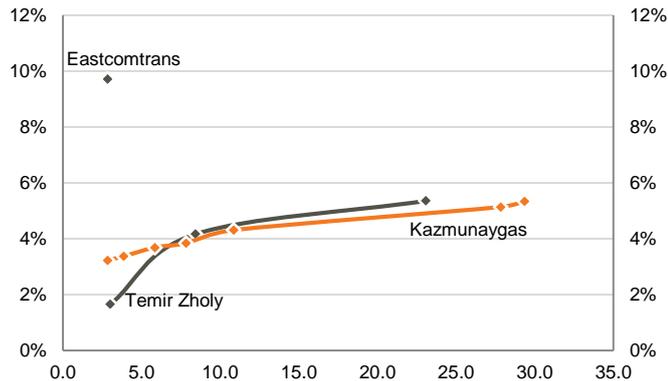
Remaining maturity
Source: Bloomberg

Yield curve (banks)



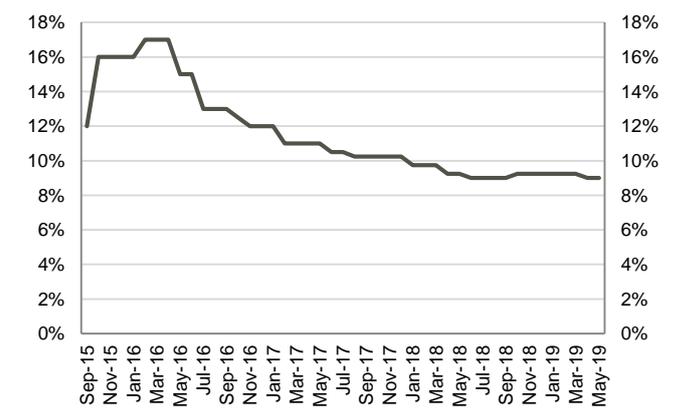
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



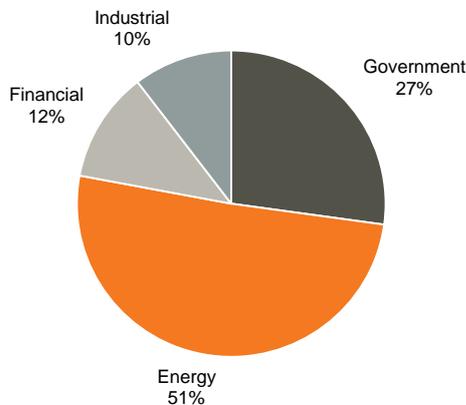
Remaining maturity
Source: Bloomberg

Monetary policy rate



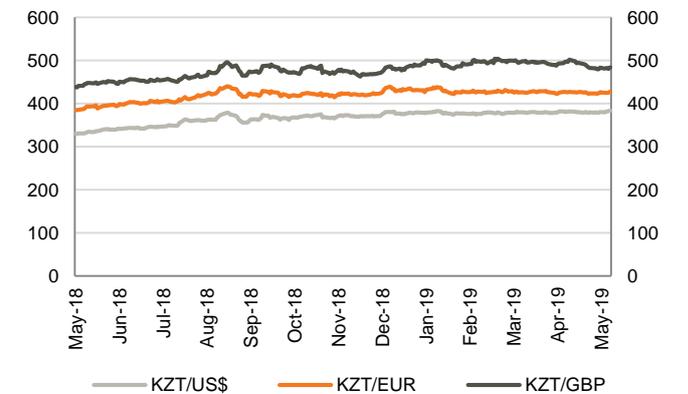
Source: National Bank of Kazakhstan

Bond universe by sector (US\$ 27.6bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



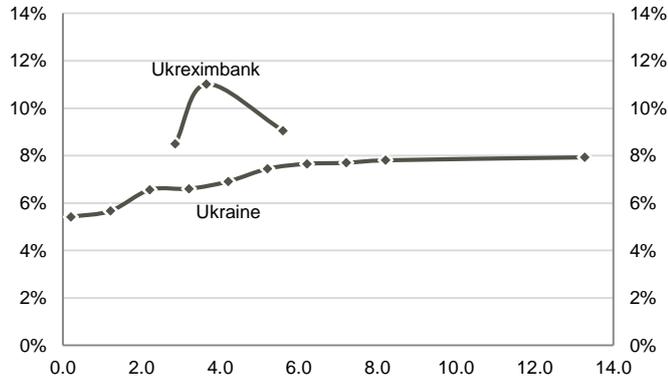
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	105.17	2.82	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	111.46	3.05	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	111.93	4.11	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	135.16	4.26	London
Kazagro Natl Mgmt Hldg	US\$	Government	KAZNMH	May-23	4.63%	WD/NR/WR	1,000	N/A	N/A	Dublin
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-20	7.00%	BBB-/BB/WR	1,500	N/A	N/A	Frankfurt
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-21	6.38%	BBB-/BB/WR	1,250	N/A	N/A	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-22	3.88%	BBB-/BB/Baa3	500	101.76	3.22	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	103.72	3.36	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-25	4.75%	BBB-/B/Baa3	500	105.58	3.68	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-25	4.88%	BBB-/BB/Baa3	500	N/A	N/A	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-27	4.75%	BBB-/BB/Baa3	1,000	106.15	3.83	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-30	5.38%	BBB-/B/Baa3	1,250	109.20	4.30	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-43	5.75%	BBB-/BB/WR	2,000	N/A	N/A	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Nov-44	6.00%	WD/NR/WR	1,000	N/A	N/A	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	109.12	5.13	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Oct-48	6.38%	BBB-/B/Baa3	1,500	115.32	5.34	London
Kaztransgas	US\$	Energy	KZTGKZ	Sep-27	4.38%	BBB-/B/Baa3	750	100.38	4.32	Dublin
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	103.49	2.77	Kazakhstan
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	101.22	3.75	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	106.02	4.94	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Jun-22	14.00%	-B/+/-	61	117.82	7.33	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Dec-24	11.75%	B/B+/-	237	110.47	9.27	Kazakhstan
Halyk Savings Bank-Kaz.	US\$	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Ba3	500	105.18	3.89	London
Kazkommertsbank	US\$	Financial	KKB	Dec-22	5.50%	BB/BB/-	750	100.35	5.39	Kazakhstan
Eastcomtrans	US\$	Industrial	EASTCM	Apr-22	8.00%	WD/-/B3	100	95.80	9.72	London
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Oct-20	6.38%	WD/NR/WR	700	N/A	N/A	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-22	3.64%	BBB-/BB-/Baa3	185	105.77	1.65	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Nov-27	4.85%	BBB-/B/Baa3	780	104.82	4.16	Dublin
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Jul-42	3.88%	BBB-/BB-/Baa3	1,100	120.96	5.36	London

Source: Bloomberg

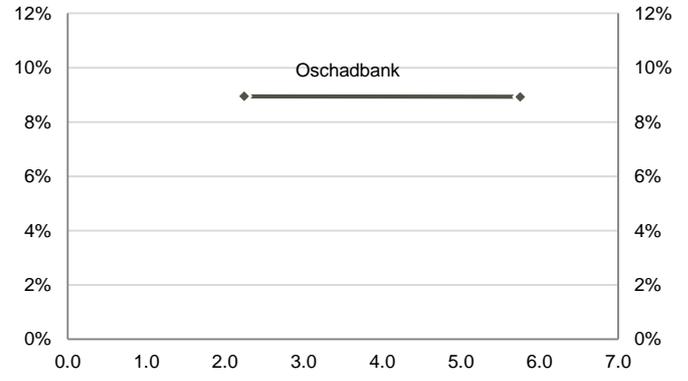
Snapshot: Ukraine

Yield curve (sovereign)



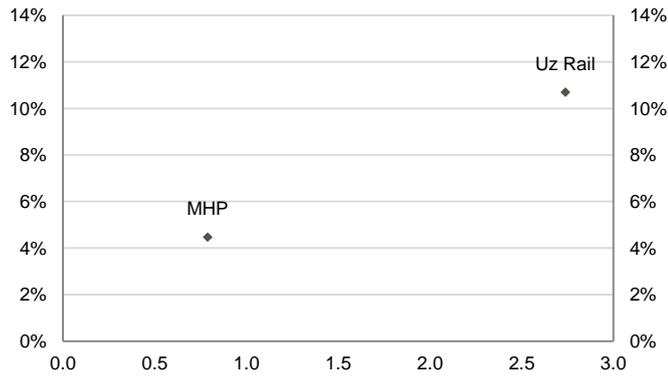
Remaining maturity
Source: Bloomberg

Yield curve (banks)



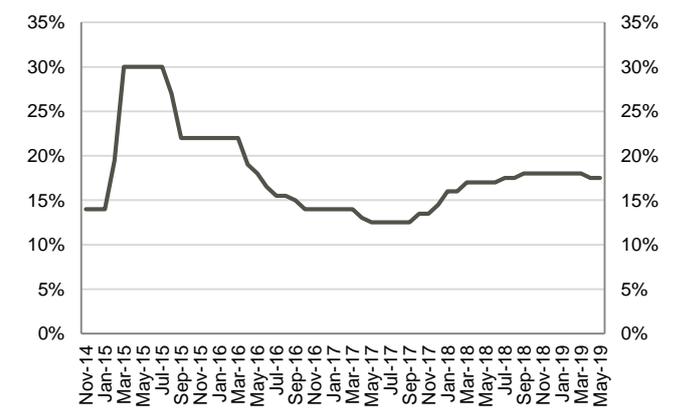
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



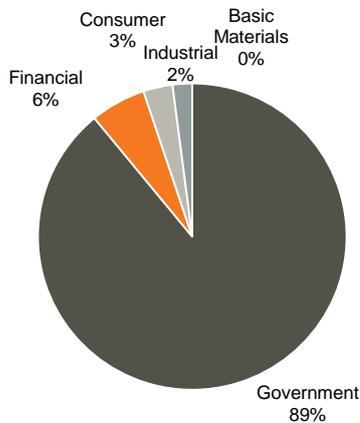
Remaining maturity
Source: Bloomberg

Monetary policy rate



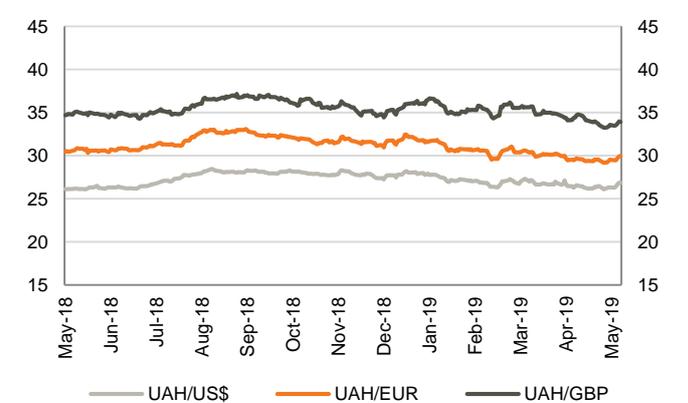
Source: National Bank of Ukraine

Bond universe by sector (US\$ 24.4bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Ukraine Government	US\$	Government	UKRAIN	Sep-19	7.75%	B-/B-/Caa1	1,822	100.44	5.42	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	102.37	5.67	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	102.38	6.56	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	103.24	6.60	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	102.98	6.91	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	101.25	7.45	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	100.44	7.66	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	100.26	7.70	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	99.65	7.81	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-32	7.38%	B-/B/-	3,000	95.48	7.93	Dublin
Ukraine Government	US\$	Government	UKRAIN	May-40	N/A	-/B/-	3,239	68.51	N/A	Dublin
Aid-Ukraine	US\$	Government	AID	Sep-21	1.47%	-/-	1,000	99.01	1.92	Frankfurt
Ukreximbank	US\$	Government	EXIMUK	Apr-22	9.63%	B-/Caa1	750	102.79	8.49	Dublin
Ukreximbank	US\$	Government	EXIMUK	Feb-23	9.00%	CCC-/Caa2	125	94.90	11.01	Dublin
Ukreximbank	US\$	Government	EXIMUK	Jan-25	9.75%	B-/Caa1	600	102.99	9.05	Dublin
MHP	US\$	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	102.88	4.47	Dublin
Privatbank	US\$	Financial	PRBANK	Feb-21	11.00%	-/-	220	N/A	N/A	Channel Isl.
Oschadbank	US\$	Financial	OSCHAD	Mar-23	9.38%	B-/Caa1	700	102.92	8.44	Dublin
Oschadbank	US\$	Financial	OSCHAD	Mar-25	9.63%	B-/Caa1	500	103.07	8.92	Dublin
Uz Rail Via Shortline	US\$	Industrial	RAILUA	Sep-21	9.88%	B-/CCC+/-	500	101.82	8.94	Dublin

Source: Bloomberg

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