



Regional Fixed Income Market Watch

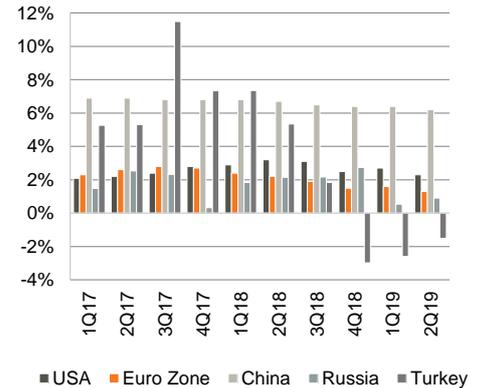
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
Monthly Bulletin
October 18, 2019

Highlights

- US real GDP growth was an annualized 2.0% (third estimate) in 2Q19, after 3.1% growth in 1Q19. Unemployment rate was 3.5% in September 2019, down from 3.7% in August 2019.
- In August 2019, economic growth was 7.6% y/y in Armenia, 7.3% y/y in Kazakhstan, 5.8% y/y in Georgia and 2.2% y/y in Russia, based on preliminary data. In 8M19, real GDP growth was 2.4% y/y in Azerbaijan and 1.1% y/y in Belarus.
- Annual inflation in the US was 1.7% in September 2019, unchanged from the previous month. Based on the Eurostat flash estimate, annual inflation in EU19 was 0.8% in September 2019, down from 1.0% in the previous month.
- In September 2019, annual inflation was above the target level in Belarus (5.3%), Georgia (6.4%), Ukraine (7.5%) and Turkey (9.3%); inflation was at targeted level in Russia (4.0%) and within the target range in Kazakhstan (5.3%); inflation was below the target in Armenia (0.5%). Annual inflation was 2.1% in Azerbaijan in September 2019.
- Monetary policy rate increased by 50 basis points to 7.5% in Georgia on 25 September 2019 and has remained unchanged in other countries during end-September -1H of October 2019.
- In October 2019, S&P upgraded Georgia's sovereign credit rating to BB from BB- with a stable outlook and Ukraine's rating to B from B- with a stable outlook.

GDP growth rate, y/y



Source: Statistics Offices

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%	6.0%	4.8%	12.4	13.4	14.1	4,188	4,528	4,759	2.5%	1.7%	2.5%	-1.8%	-1.5%	-2.2%	-9.4%	-7.4%	-7.4%
Azerbaijan	1.0%	2.7%	2.1%	46.9	47.2	48.0	4,722	4,689	4,719	2.3%	2.8%	3.0%	5.6%	5.3%	3.2%	12.9%	9.7%	10.0%
Belarus	3.1%	1.5%	0.3%	59.6	62.6	63.6	6,283	6,604	6,744	4.9%	5.4%	4.8%	2.4%	-1.3%	-4.2%	-0.4%	-0.9%	-3.4%
Georgia	4.7%	4.6%	4.8%	16.2	15.9	17.0	4,346	4,289	4,626	2.6%	4.3%	3.8%	-0.9%	-1.9%	-2.0%	-7.3%	-5.9%	-5.8%
Kazakhstan	4.1%	3.8%	3.9%	172.9	170.3	182.6	9,401	9,139	9,672	6.0%	5.3%	5.2%	2.7%	0.4%	0.0%	0.0%	-1.2%	-1.5%
Ukraine	3.3%	3.0%	3.0%	130.9	150.4	161.9	3,113	3,592	3,882	10.9%	8.7%	5.9%	-2.2%	-2.3%	-2.3%	-3.4%	-2.8%	-3.5%
Russia	2.3%	1.1%	1.9%	1,657.3	1,637.9	1,657.5	11,289	11,163	11,305	2.9%	4.7%	3.5%	2.9%	1.0%	0.1%	6.8%	5.7%	3.9%
Turkey	2.8%	0.2%	3.0%	771.3	743.7	813.8	9,405	8,958	9,684	16.3%	15.7%	12.6%	-3.1%	-4.6%	-4.7%	-3.5%	-0.6%	-0.9%

Source: IMF's World Economic Outlook, October 2019

Sovereign credit ratings

	Fitch			Moody's			S&P		
	LC	FC	Outlook	LC	FC	Outlook	LC	FC	Outlook
Armenia	B+	B+	positive	Ba3	Ba3	stable	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	stable
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	positive	BBB-	BBB-	stable
Ukraine	B	B	positive	Caa1	Caa1	stable	B	B	stable
Russia	BBB	BBB	stable	Baa3	Baa3	stable	BBB	BBB-	stable
Turkey	BB-	BB-	negative	B1	B1	negative	BB-	B+	stable

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

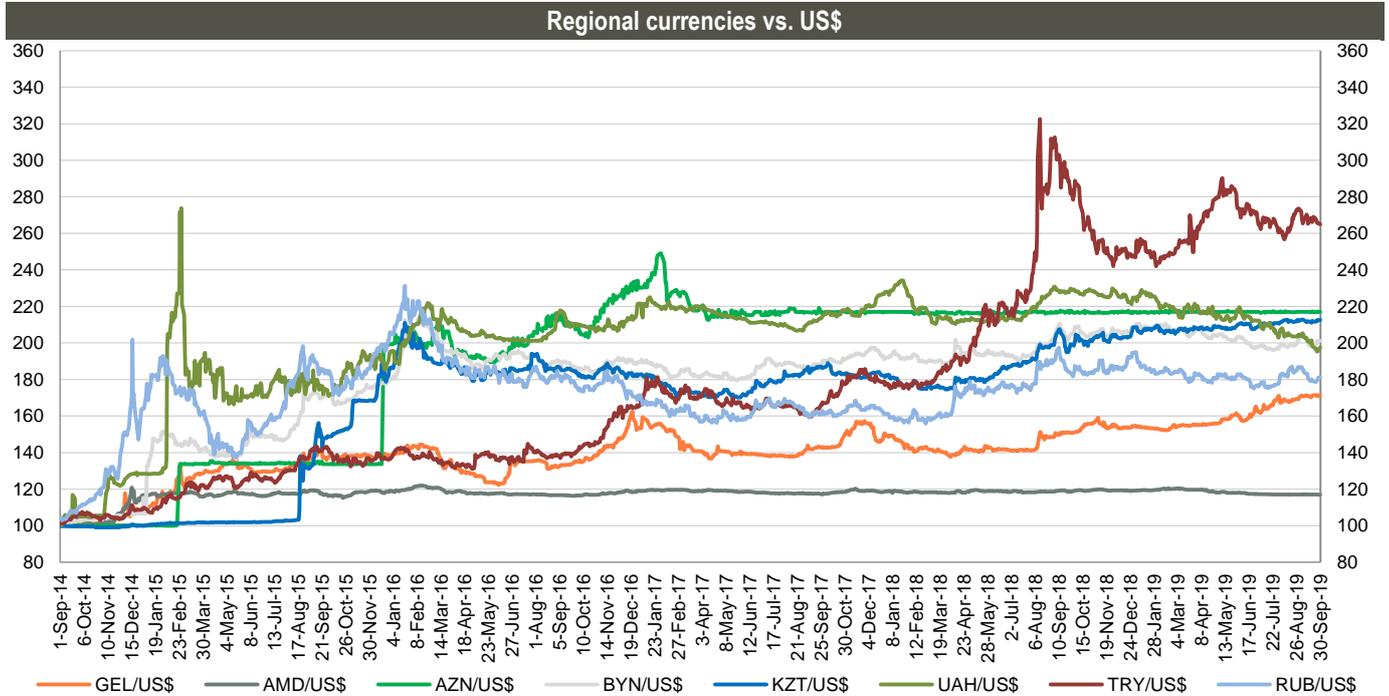
Monetary stance

	Inflation, y/y		MPR
	Sep-19	Latest-19	
Armenia	0.5%	5.5%	
Azerbaijan	2.1%	8.0%	
Belarus	5.3%	9.5%	
Georgia	6.4%	7.5%	
Kazakhstan	5.3%	9.25%	
Ukraine	7.5%	16.5%	
Russia	4.0%	7.0%	
Turkey	9.3%	16.5%	

Source: Central banks, Statistics Offices

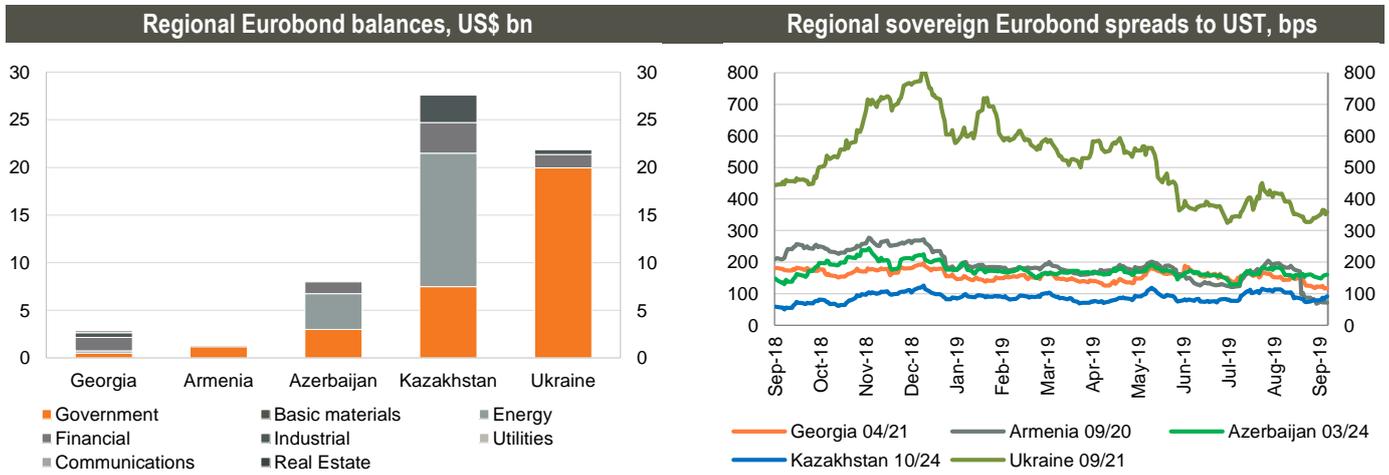


Eurobonds



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

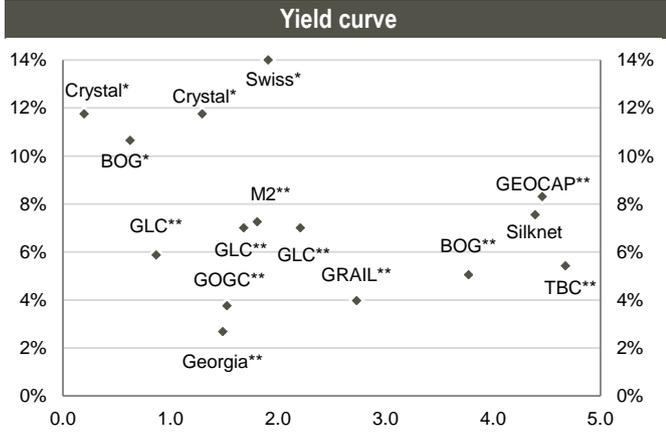


Source: Bloomberg

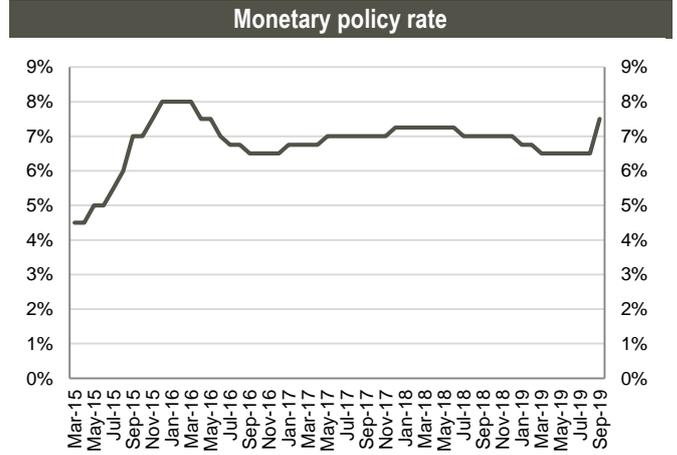
Source: Bloomberg



Snapshot: Georgia

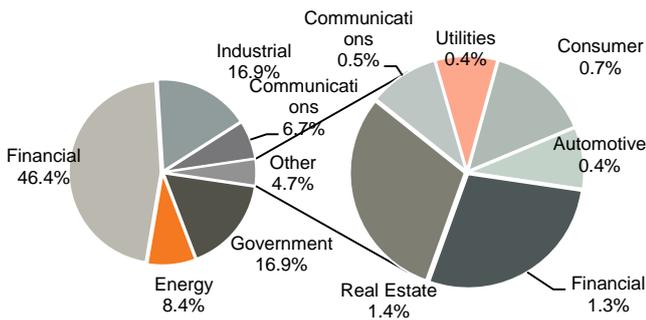


Remaining maturity
*In GEL; **In US\$
Source: Bloomberg, Galt & Taggart



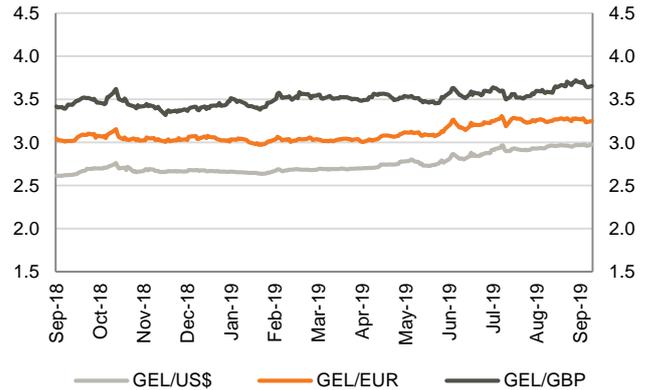
Source: National Bank of Georgia

Bond universe by sector (US\$ 3.0bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

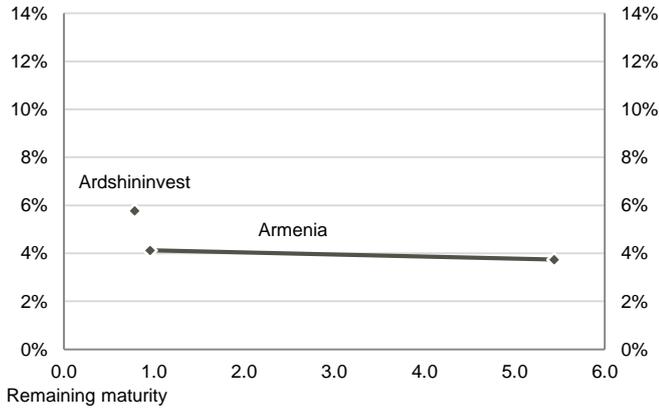
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's/Scope)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB/BB-/Ba2/-	500	106.04	2.67	London
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	109.67	3.96	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB/B+/-/-	250	104.38	3.75	London
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/Ba2/-	500	100.18	10.65	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/Ba2/-	350	103.25	5.04	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	N/A	11.13%	B-/-/-	100	103.62	10.22	Dublin
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-B+/B2/-	300	94.79	7.54	Dublin
Silknet	US\$	Communications	SILNET	Apr-24	11.00%	B+/-B1/-	200	109.84	8.31	Dublin
TBC Bank	US\$	Financial	TBCBGE	Jun-24	5.75%	BB-/Ba2/-	300	101.33	5.42	Dublin
TBC Bank	US\$	Financial	TBCBGE	N/A	10.78%	B-/-/-	125	101.72	10.54	Dublin
GWP	GEL	Utilities	GEWRPW	Dec-21	10.00%	BB-/-/-	30	N/A	N/A	Georgia
M2 Commercial Assets	US\$	Real Estate	\$M2C01L	Dec-21	7.50%	-/-/-	30	101.02	7.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-	10	100.95	5.88	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-	5	99.20	7.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC04L	Aug-21	7.50%	B+/-/-	10	100.64	7.25	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	99.84	11.75	Georgia
MFO Crystal	GEL	Financial	#CRS02L	Feb-21	10.50%	B-/-/-	15	98.50	11.75	Georgia
MFO Swiss Capital	GEL	Financial	N/A	Sep-21	12.75%	B-/-/-	10	98.33	14.00	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

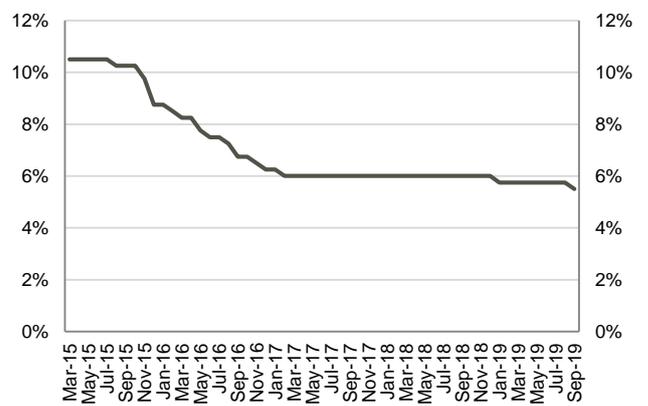
Snapshot: Armenia

Yield curve



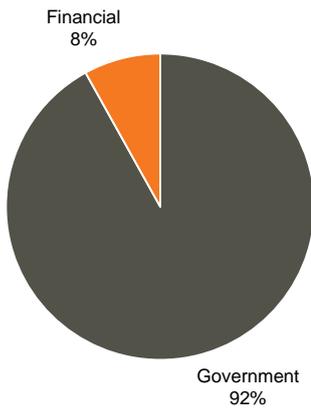
Source: Bloomberg

Monetary policy rate



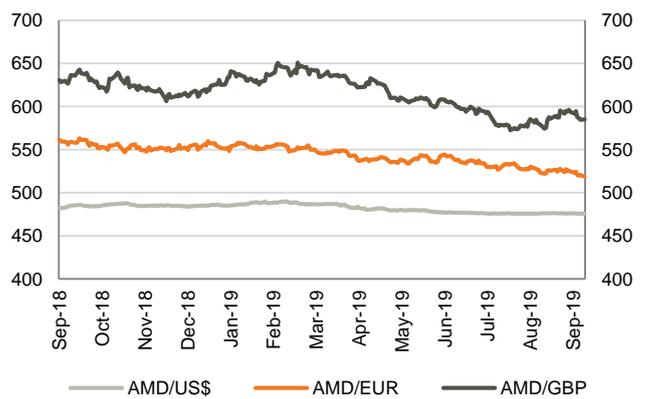
Source: Central Bank of Armenia

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



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

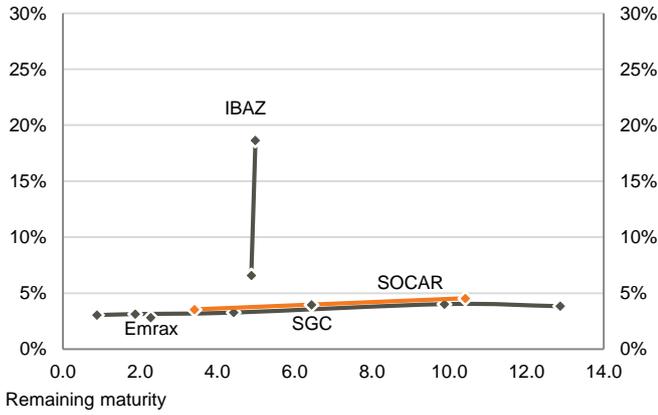
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Armenia	USD	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	103.14	2.60	Dublin
Republic Of Armenia	USD	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	116.64	3.74	Dublin
Ardshinvestbk	USD	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	104.62	5.76	Dublin
Armswissbank	USD	Financial	ARMSWI	Apr-20	8.50%	-/-	5	N/A	N/A	Armenia

Source: Bloomberg



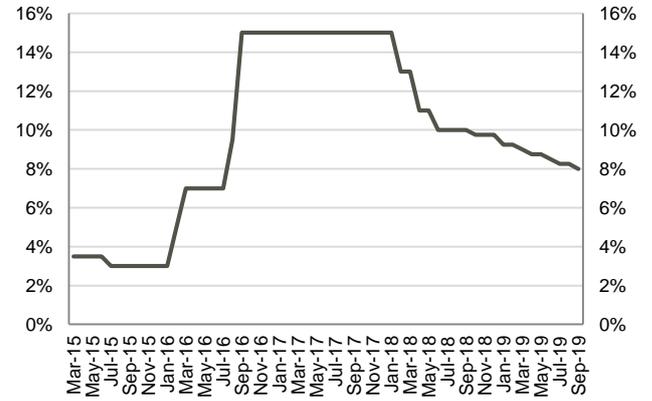
Snapshot: Azerbaijan

Yield curve



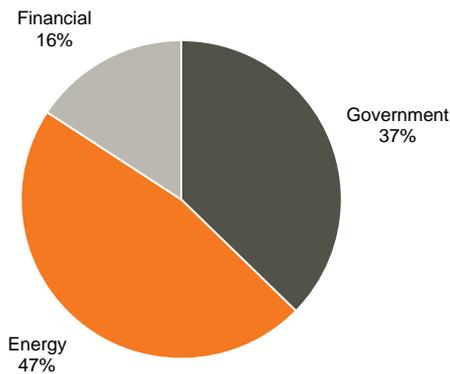
Source: Bloomberg

Monetary policy rate



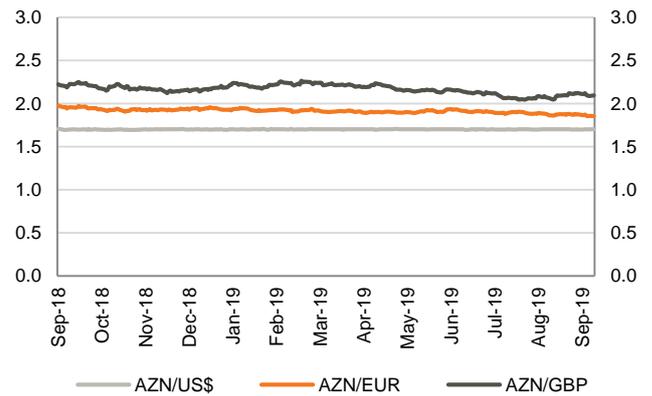
Source: Central Bank of Azerbaijan

Bond universe by sector (US\$ 8.0bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

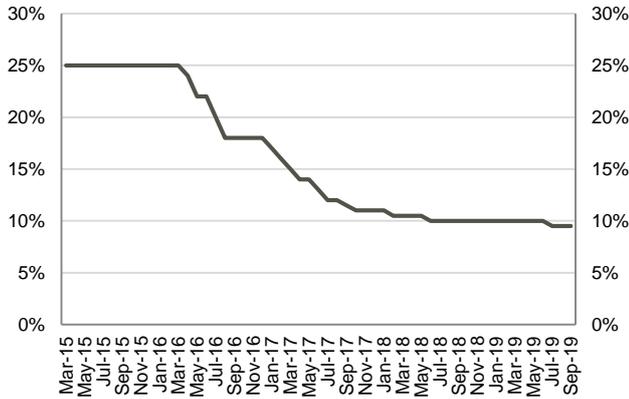
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	99.81	3.04	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	99.43	3.14	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	106.03	3.27	Stuttgart
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	108.85	4.03	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	96.63	3.83	Not Listed
Southern Gas Corridor	USD	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	116.38	3.96	Dublin
SOCAR	USD	Energy	SOIAZ	Mar-23	4.75%	BB+/BB-/Ba2	1,000	103.83	3.54	London
SOCAR	USD	Energy	SOIAZ	Mar-30	6.95%	BB+/BB-/NR	750	119.86	4.53	London
Emraxbank	USD	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	113.44	2.82	Baku
IBAZ	USD	Financial	IBAZAZ	Sep-24	3.50%	B-/-	1,000	87.31	6.59	Not Listed
IBAZ	USD	Financial	IBAZAZ	Oct-24	8.25%	-/-WR	250	63.36	18.64	Dublin

Source: Bloomberg



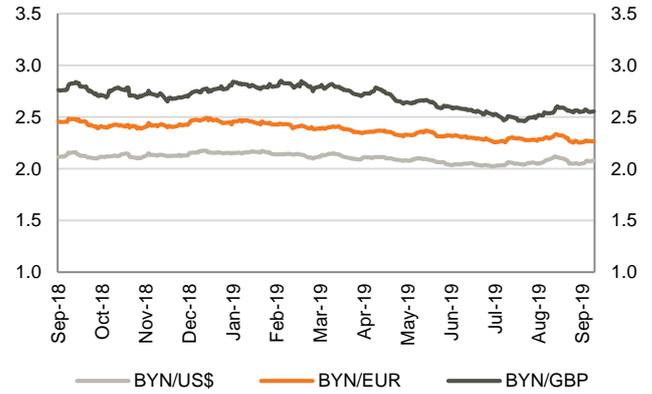
Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

Bond performance

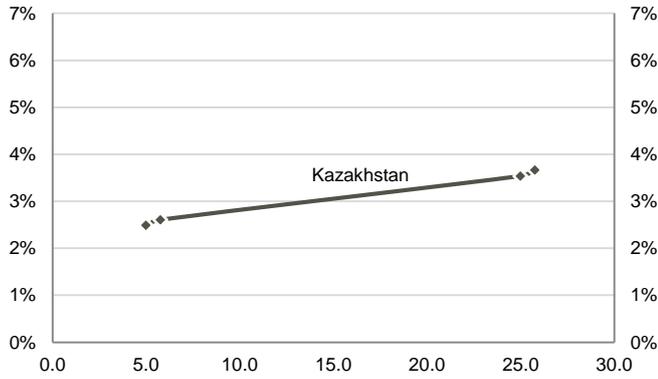
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Belarus	USD	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	107.29	4.50	Dublin
Republic Of Belarus	USD	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	113.89	5.39	Dublin
Republic Of Belarus	USD	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	106.03	5.43	Dublin

Source: Bloomberg



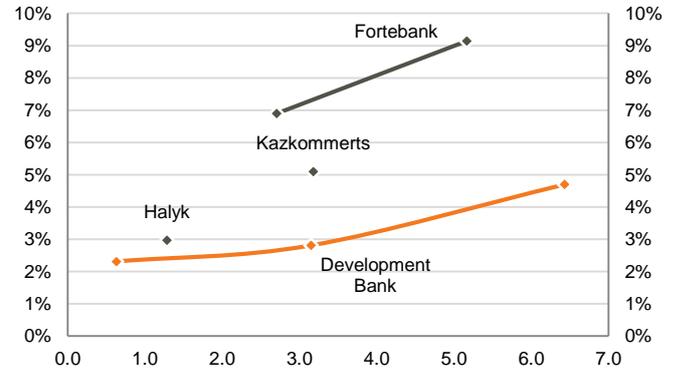
Snapshot: Kazakhstan

Yield curve (sovereign)



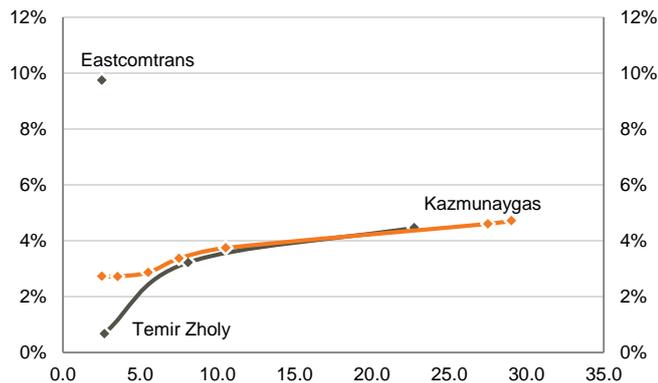
Remaining maturity
Source: Bloomberg

Yield curve (banks)



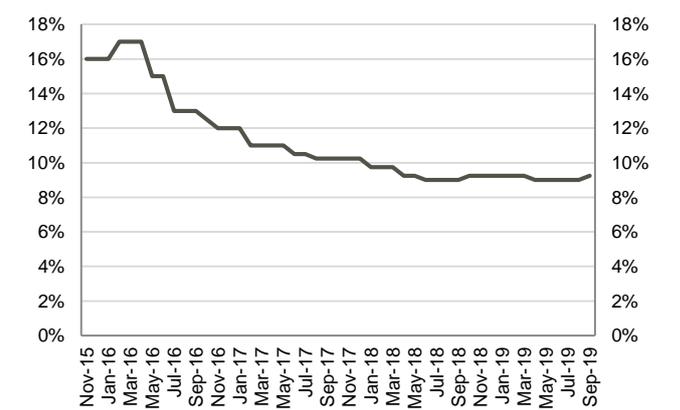
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



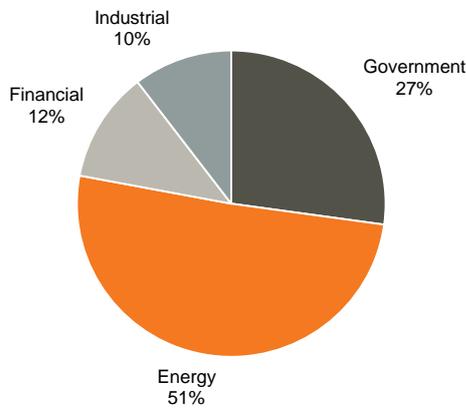
Remaining maturity
Source: Bloomberg

Monetary policy rate



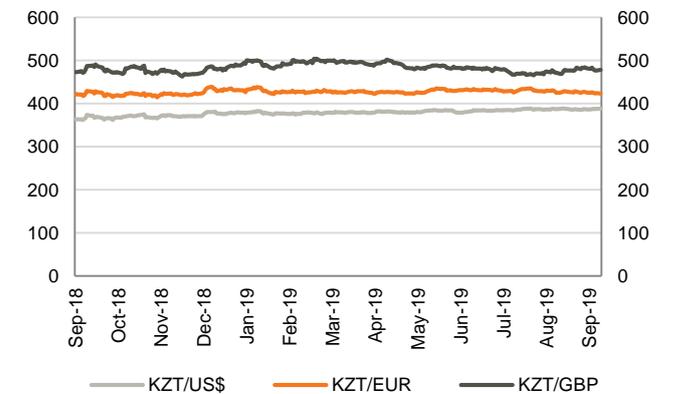
Source: National Bank of Kazakhstan

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



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



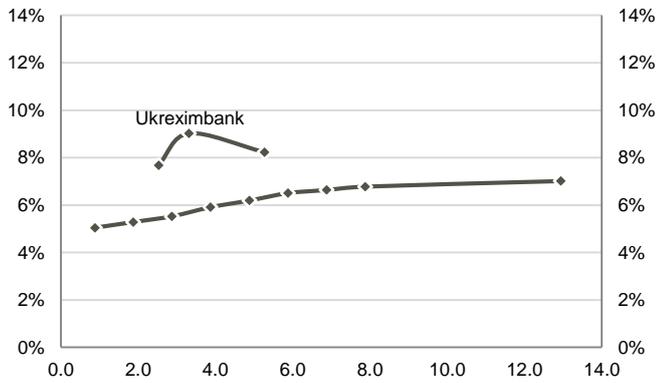
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Kazakhstan	USD	Government	KAZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	106.46	2.49	London
Republic Of Kazakhstan	USD	Government	KAZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	113.35	2.61	London
Republic Of Kazakhstan	USD	Government	KAZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	122.06	3.54	London
Republic Of Kazakhstan	USD	Government	KAZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	146.90	3.67	London
Kazagro Natl Mgmt Hldg	USD	Government	KAZNMH	May-23	4.63%	WD/NR/WR	1,000	N/A	N/A	Dublin
Kazmunaygas National Co	USD	Energy	KZOKZ	May-20	7.00%	WD/BB/WR	1,500	N/A	N/A	Frankfurt
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-21	6.38%	WD/BB/WR	1,250	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-22	3.88%	BBB-/BB/Baa3	500	102.75	2.73	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	105.61	2.72	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-25	4.75%	BBB-/-/Baa3	500	109.57	2.86	London
Kazmunaygas National Co	USD	Energy	KZOKZ	May-25	4.88%	BBB-/BB/Baa3	500	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-27	4.75%	BBB-/BB/Baa3	1,000	109.11	3.36	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-30	5.38%	BBB-/-/Baa3	1,250	114.08	3.74	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-43	5.75%	WD/BB/WR	2,000	N/A	N/A	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Nov-44	6.00%	WD/NR/WR	1,000	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	117.76	4.60	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Oct-48	6.38%	BBB-/-/Baa3	1,500	126.08	4.72	London
Kaztransgas	USD	Energy	KZTGKZ	Sep-27	4.38%	BBB-/-/Baa3	750	104.81	3.67	Dublin
Development Bank Of Kaz.	USD	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	102.55	2.31	Kazakhstan
Development Bank Of Kaz.	USD	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	103.91	2.81	London
Development Bank Of Kaz.	USD	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	107.12	4.70	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Jun-22	14.00%	NR/B+/-	61	117.16	6.89	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Dec-24	11.75%	B/B+/-	237	110.50	9.14	Kazakhstan
Halyk Savings Bank-Kaz.	USD	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Baa3	500	105.28	2.97	London
Halyk Bank	USD	Financial	HSBKKZ	Dec-22	5.50%	BB/BB/-	750	101.16	5.10	Kazakhstan
Eastcomtrans Llp	USD	Industrial	EASTCM	Apr-22	8.00%	WD/-/B3	100	96.20	9.75	London
Kazakhstan Temir Zholy	USD	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	107.80	0.67	Zurich
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Nov-27	4.85%	BBB-/-/Baa3	780	111.50	3.22	Dublin
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Jul-42	6.95%	BBB-/BB-/Baa3	1,100	135.22	4.47	London

Source: Bloomberg

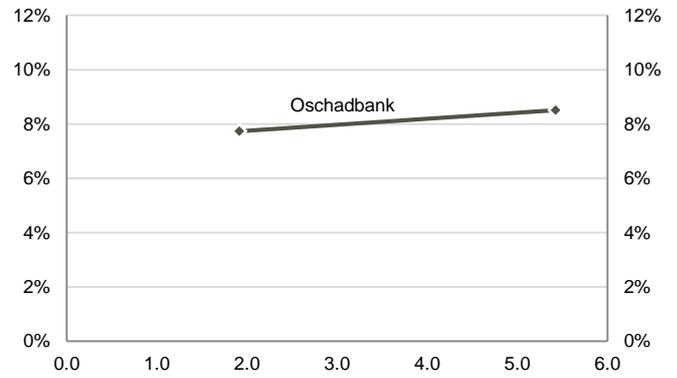
Snapshot: Ukraine

Yield curve (sovereign)



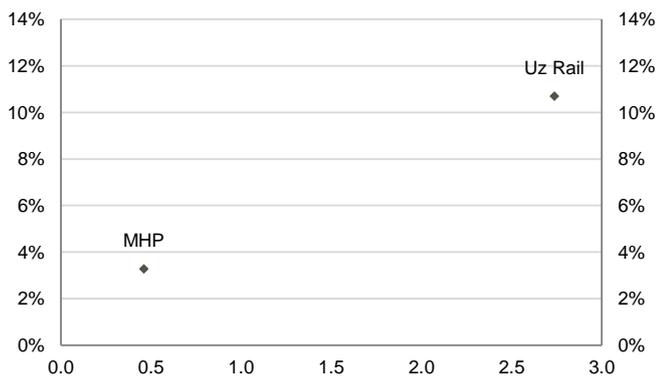
Remaining maturity
Source: Bloomberg

Yield curve (banks)



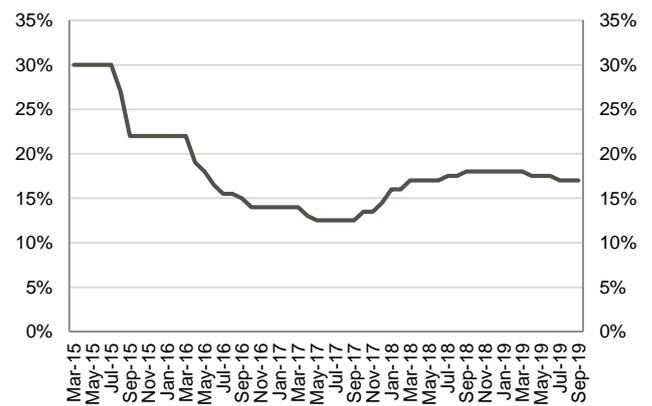
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



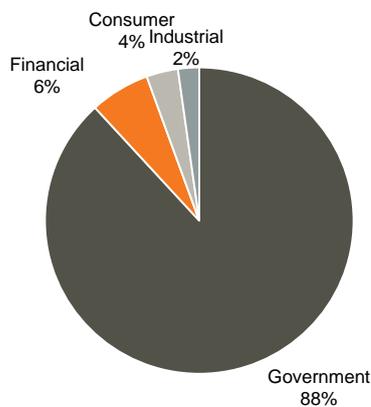
Remaining maturity
Source: Bloomberg

Monetary policy rate



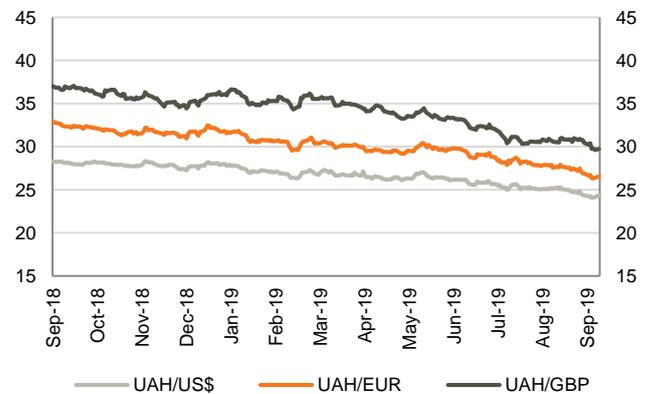
Source: National Bank of Ukraine

Bond universe by sector (US\$ 22.6bn 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)	Mid price	YTM Mid	Exchange
Ukraine Government	USD	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	102.24	5.04	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	104.31	5.28	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	105.80	5.53	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	106.25	5.91	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	106.44	6.19	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	105.98	6.50	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	106.04	6.64	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	105.83	6.78	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-32	7.38%	B-/B/-	3,000	103.03	7.01	Dublin
Ukraine Government	USD	Government	UKRAIN	May-40	0.00%	-B/-	3,239	91.33	N/A	Dublin
Aid-Ukraine	USD	Government	AID	Sep-21	1.47%	-/-	1,000	99.72	1.62	Frankfurt
Ukreximbank	USD	Government	EXIMUK	Apr-22	9.63%	B-/-/Caa1	750	104.37	7.68	Dublin
Ukreximbank	USD	Government	EXIMUK	Feb-23	9.77%	CCC-/Caa2	125	99.84	9.02	Dublin
Ukreximbank	USD	Government	EXIMUK	Jan-25	9.75%	B-/-/Caa1	600	106.35	8.23	Dublin
MHP	USD	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	102.19	3.28	Dublin
Privatbank	USD	Financial	PRBANK	Feb-21	11.00%	-/-	220	N/A	N/A	Zurich
Oschadbank	USD	Financial	OSCHAD	Mar-23	9.38%	B-/-/Caa1	700	104.52	7.82	Dublin
Oschadbank	USD	Financial	OSCHAD	Mar-25	9.63%	B-/-/Caa1	500	104.73	8.51	Dublin
Uz Rail Via Shortline	USD	Industrial	RAILUA	Sep-21	9.88%	B-/B/-	500	103.70	7.74	Dublin

Source: Bloomberg



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