

Weekly Market Watch

Weekly Market Watch | Georgia
Nov 26, 2018

Economy

Exports up 15.0 y/y in October 2018

In October 2018, exports increased by 15.0% y/y to US\$ 303.0mn, imports were up 18.7% y/y to US\$ 867.9mn and the trade deficit widened 20.7% y/y to US\$ 565.0mn, according to GeoStat.

In October 2018, copper (+12.4% y/y), cars (+51.2% y/y), ferro-alloys (+64.7% y/y), pharmaceuticals (+12.1% y/y) and wine (+2.8% y/y) were the top 5 exported commodities. A 22.1% of exports was directed to the EU (-2.7% y/y), 50.7% to the CIS (+21.7% y/y) and 27.2% to other countries (+20.6% y/y).

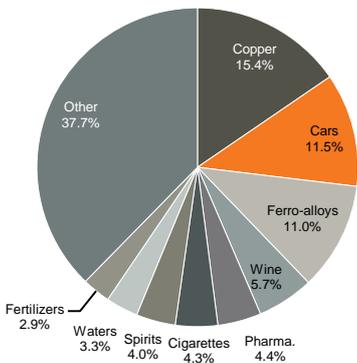
In October 2018, petroleum (+24.5% y/y), cars (+27.6% y/y), copper (+164.3% y/y), pharmaceuticals (-4.0% y/y) and electricity (+170.5% y/y) represented the top 5 imported commodities.

Overall, in 10M18, the trade deficit was up 16.4% y/y at US\$ 4.8bn as exports were up 24.5% y/y to US\$ 2.8bn and imports increased by 19.2% y/y to US\$ 7.6bn.

Producer price index up 5.9% y/y in October 2018

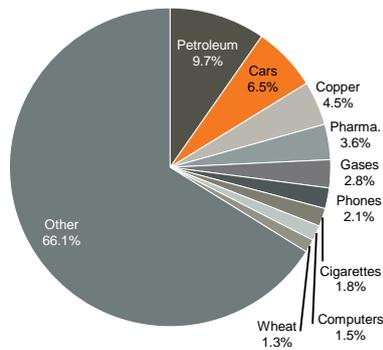
Annual PPI for industrial goods was up 5.9% in October 2018, according to GeoStat. Rising prices in manufacturing (+5.0% y/y) and supply of electricity, gas and water (+13.1% y/y) contributed the most to the overall index change.

Exports by commodities, 10M18



Source: GeoStat

Imports by commodities, 10M18



Key macro indicators

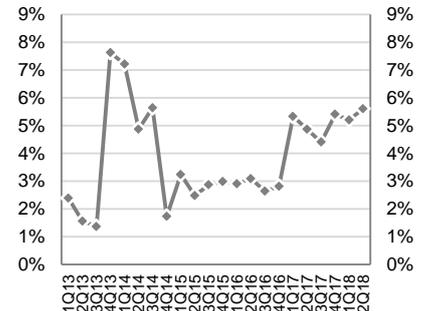
	10M18	2017	2016
GDP (% change)	4.9% ⁽¹⁾	4.8%	2.8%
GDP per capita (ppp)	...	10,742	10,065
GDP per capita (US\$)	...	4,047	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.3%	6.7%	1.8%
Gross reserves (US\$ bn)	3.2	3.0	2.8
CAD (% of GDP)	10.3% ⁽²⁾	8.8%	13.1%
Fiscal deficit (% of GDP)	...	2.9%	3.0%
Total public debt (% of GDP)	...	44.8%	44.4%

Source: Official data, IMF

1) As of 9M18

2) As of 1H18

Real GDP growth, %



Source: GeoStat

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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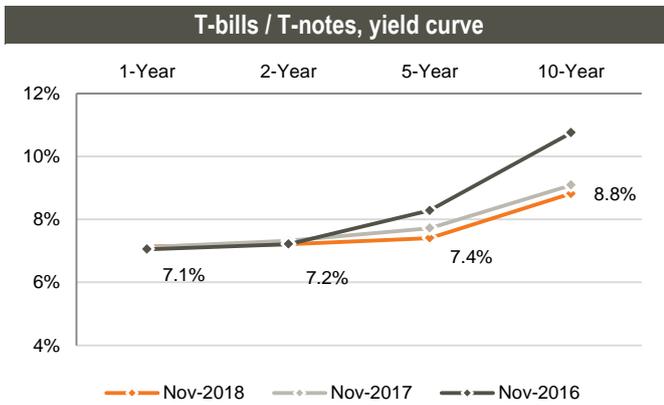
Source: Rating agencies

Money market

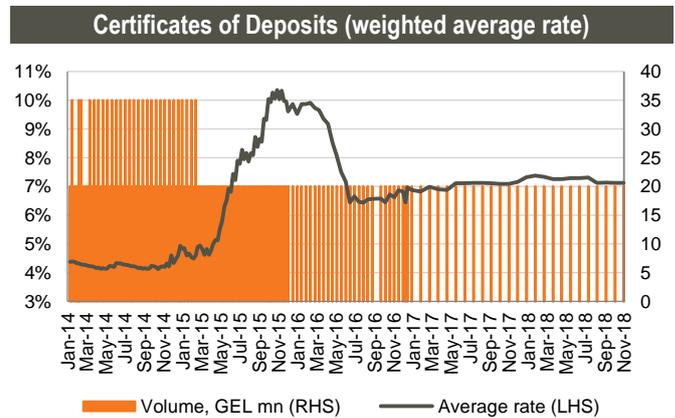
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,370mn (US\$ 514.3mn).

Ministry of Finance Benchmark Bonds:

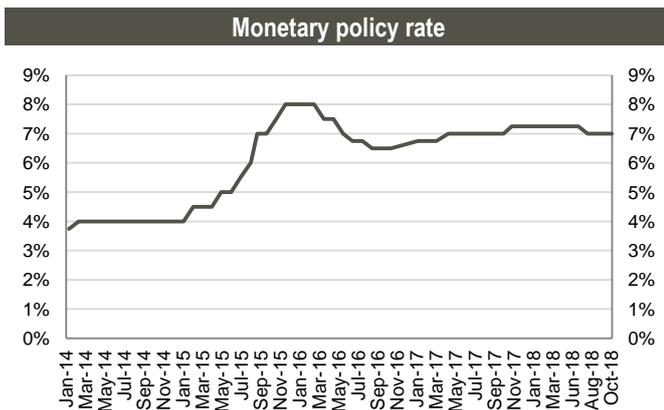
The nearest treasury security auction is scheduled for November 27, 2018, where GEL 30.0mn nominal value 5-year Benchmark Bonds will be sold.



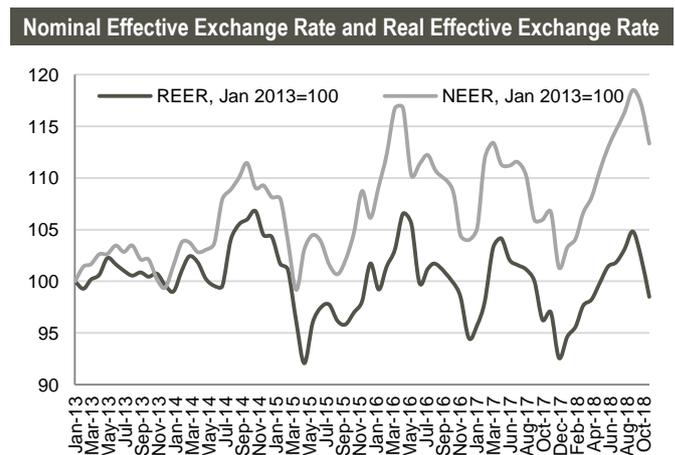
Source: NBG



Source: NBG



Source: NBG



Source: NBG

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

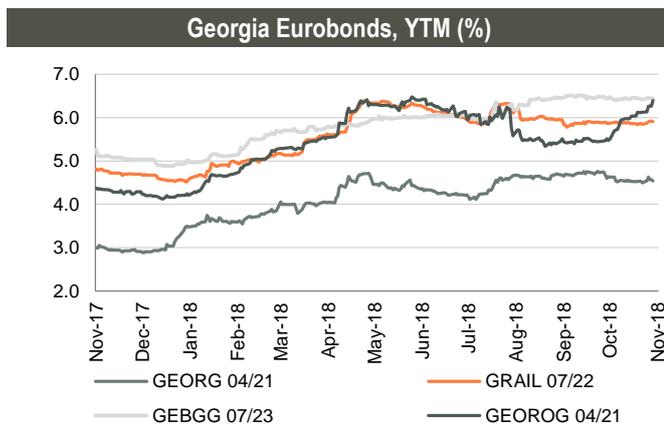


Fixed income

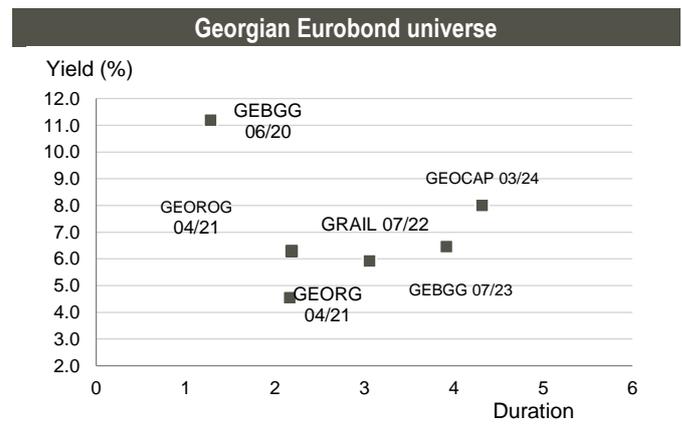
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.5% yield, trading at 98.2 (-0.2% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 92.0 (-0.1% w/w), yielding 8.0%.

GOGC Eurobonds (GEOROG) were trading at 101.0 (-0.4% w/w), yielding 6.3%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.9 (-0.1% w/w), yielding 5.9%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.2 (-0.1% w/w) at 4.5% 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%	12/04/2021	BB-/BB-/Ba2	105.18	4.54	153.12
GRAIL 07/22	500	7.750%	18/07/2022	B+/B+/-	105.90	5.91	288.78
GEOROG 04/21	250	6.750%	18/04/2021	BB-/B+/-	101.00	6.29	328.15
GEBGG 06/20	500*	11.000%	18/06/2020	BB-/Ba2	99.75	11.18	n/a
GEBGG 07/23	350	6.000%	18/07/2023	BB-/B2	98.18	6.46	342.61
GEOCAP 03/24	300	6.125%	18/03/2024	-/B+/B2	92.04	8.00	496.30

Georgia local bonds performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
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	B+/-	102.29	5.25	n/a
GLC 08/20	10	7.000%	29/08/2020	B+****-/-	101.83	6.00	n/a
GLC 06/21	5	6.500%	22/06/2021	B+****-/-	n/a	n/a	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/-	101.01	11.25	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

Coupon rate 4.5% over the NBG's refinancing rate B+*

****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	105.2	4.5	153.1
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	97.5	5.3	225.3
Bulgaria	323	5.000%	19/07/2021	BBB-/-	113.1	0.1	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	110.5	0.8	74.6
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	105.7	3.8	81.3
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	107.6	4.2	116.1
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	101.6	3.9	88.5
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	97.7	6.7	371.5

Source: Bloomberg

Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 14.97/share (-6.20% w/w and +0.67% m/m). More than 245k shares traded in the range of GBP 14.58 – 16.53/share. Average daily traded volume was 60k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.61% w/w and gained 1.63% m/m. The volume of BGEO shares traded was at 0.50% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 11.67/share (-1.14% w/w and +1.8% m/m). More than 326k shares traded in the range of GBP 11.40 – 12.00/share. Average daily traded volume was 40 in the last 4 weeks. The volume of CGEO shares traded was at 0.85% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 15.24 (-3.18% w/w and +0.9% m/m). More than 86k shares changed hands in the range of GBP 15.08 – 16.24/share. Average daily traded volume was 20k in the last 4 weeks. The volume of TBCG shares traded was at 0.16% of its capitalization.

Georgia Healthcare Group (GHG LN) shares closed at GBP 2.31/share (+4.77% w/w and +1.5% m/m). More than 170k shares were traded in the range of GBP 2.21 – 2.40/share. Average daily traded volume was 16k in the last 4 weeks. The volume of GHG shares traded was at 0.13% 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 14.966*	943	0.1%	-11.3%	-32.5%	-37.8%	-33.5%
TBC	TBC 15.24*	1,059	0.9%	-7.9%	-11.2%	-12.9%	-6.9%
Halyk Bank	HSBK 10.80	3,174	1.9%	0.0%	-13.9%	9.3%	11.8%
VTB Bank	VTBR 1.26	8,139	0.7%	-3.1%	-28.8%	-31.4%	-34.2%
Vozrozhdenie	VZRZ 7.14	170	0.6%	23.6%	25.0%	-18.0%	-29.1%
Sberbank	SBER 12.07	65,139	7.3%	10.7%	-17.6%	-28.7%	-27.6%

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 11.668*	571	1.8%	13.9%	N/A	N/A	N/A
Creades	CREDA 29.10	239	-1.4%	-1.4%	-8.2%	-20.1%	-18.3%
CIE du Bois	COMB 433.00	730	-1.5%	-7.2%	-7.2%	0.7%	1.5%
Tinc Comm	TINC 13.38	365	-0.4%	-0.2%	-1.3%	-8.0%	-5.8%
Edify	EDIFY 62.91	306	-3.0%	-10.0%	-13.9%	-8.2%	0.9%

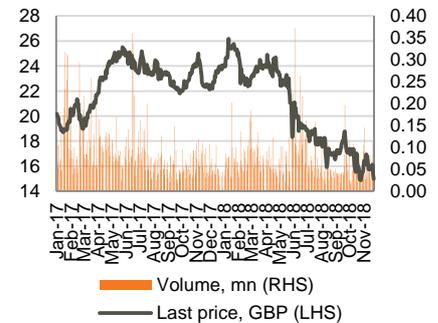
Source: Bloomberg
*CGEO share price traded and shown in GBP

Healthcare Sector Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG 2.305*	389	1.5%	-7.1%	-25.6%	-35.1%	-32.2%
Mouwasat	MOUWASAT 19.72	1,972	8.0%	-15.9%	-19.8%	-2.3%	-7.8%
Fortis	FORH 2.06	1,070	18.8%	-2.6%	-2.7%	-17.9%	0.9%
Raffles	RFMD 0.84	1,503	11.9%	7.3%	5.1%	-0.2%	3.2%
IHH	IHH 1.15	9,441	-3.7%	-16.3%	-27.8%	-20.6%	-16.7%
Bangkok Chain	BCH 0.55	1,372	-5.5%	-1.3%	7.8%	10.6%	17.5%
Netcare	NTC 1.85	2,723	10.7%	-6.0%	-22.7%	-8.8%	15.8%

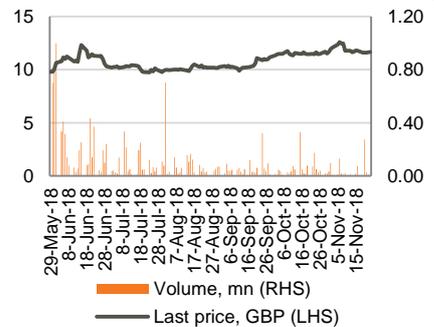
Source: Bloomberg
*GHG share price traded and shown in GBP

Bank of Georgia Group (BGEO LN)



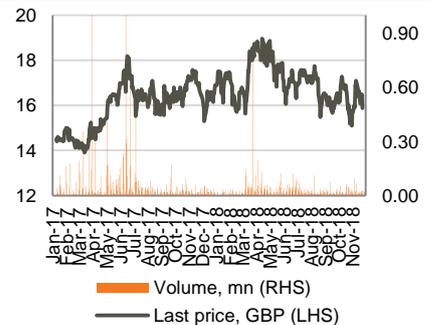
Source: Bloomberg

Georgia Capital (CGEO LN)



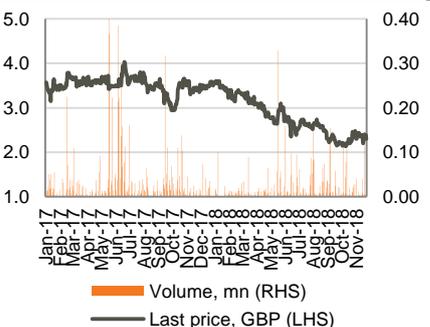
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

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