



Weekly Market Watch

Weekly Market Watch | Georgia
June 7, 2021

Economy

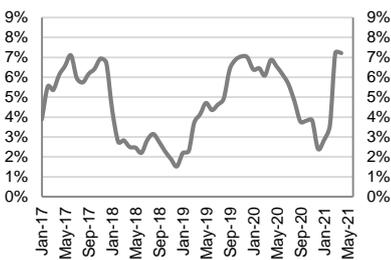
Real GDP was 44.8% y/y in April 2021

Georgia's economic growth surged by 44.8% y/y in April 2021, based on Geostat's rapid estimates, after a 4.0% y/y growth in previous month. Notably, real GDP was also up by 20.8% compared to 2019 level. Overall, in 4M21, real growth was 8.1% y/y. In April, growth was broad-based with economic activity up in manufacturing, construction, trade, transportation, hotels & restaurants, financial and real estate sectors. Only mining sector was in red in May. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics.

Inflation was 7.7% y/y and 0.7% m/m in May 2021

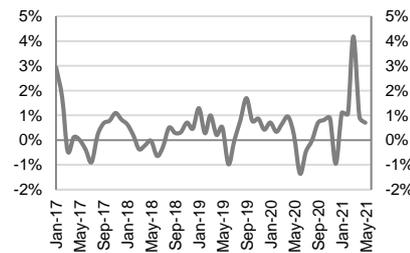
Annual CPI inflation came in at 7.7% in May 2021, after a 7.2% inflation in previous month, according to Geostat. Core inflation (non-food, non-energy) was 6.5% and core inflation excluding tobacco was 6.4% in May. By categories, annual inflation was mainly driven by price changes in transport (+17.4% y/y, +2.08ppts), housing, water, electricity, gas and other fuels (+6.6% y/y, +1.09ppts), food and non-alcoholic beverages (+3.3% y/y, +1.07ppts), health (+13.4% y/y, +1.01ppts), furnishings, household equipment and maintenance (+12.0% y/y, +0.64ppts), hotels and restaurants (+11.8% y/y, +0.60ppts) and alcoholic beverages and tobacco (+6.8% y/y, +0.43ppts) categories. On a monthly basis, there was 0.7% inflation in May 2021, reflecting price increase in transport (+2.0% m/m, +0.26ppts) category.

Annual CPI inflation (% change, y/y)



Source: Geostat

Monthly CPI inflation (% change, m/m)

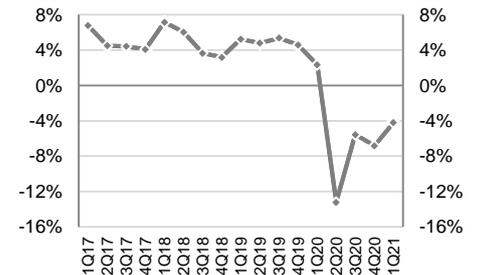


Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.3%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

- Ease of Doing Business # 7 (Top 10)
- Economic Freedom Index # 12 (mostly free)
- Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB Negative Affirmed Feb-2021	 Ba2 Stable Affirmed Aug-2020	 BB Negative Affirmed Feb-2021
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Source: Rating agencies

Money market

Ministry of Finance T-Bills:

2-year GEL 20.0mn (US\$ 6.1mn) Benchmark bonds were sold at the auction held at NBG on June 1, 2021. Total demand was c.2.7x higher and the weighted average yield was fixed at 9.246%, up by 0.704ppts from previous auction held in April, 2021.

6-month GEL 15.0mn (US\$ 4.6mn) T-Bills were sold at the auction held at NBG on June 1, 2021. Total demand was c.3.7x higher and the weighted average yield was fixed at 9.410%, up by 0.951ppts from previous auction held in April, 2021.

The nearest treasury security auction is scheduled for June 8, 2021, where GEL 15.0mn nominal value 1-year T-Bills will be sold.

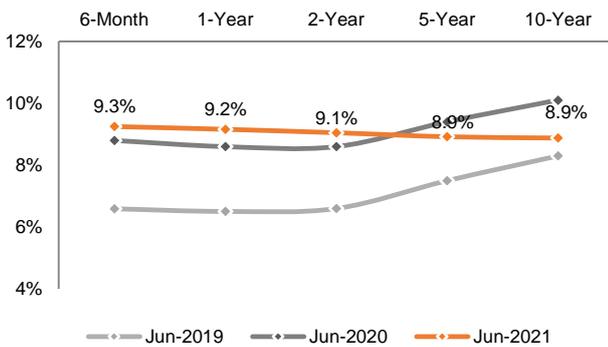
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	60	105	85
1-year	45	120	505
2-year	80	140	1,290
5-year	184	236	2,338
10-year	44	56	1,281
Total	413	657	5,499

Source: MoF

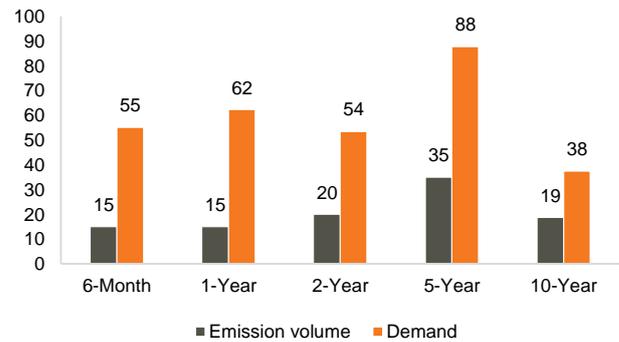
Note: * As of 30 April 2021

T-bills / T-notes, yield curve



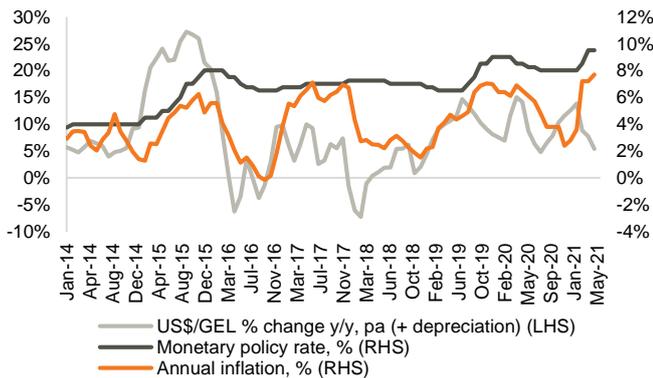
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



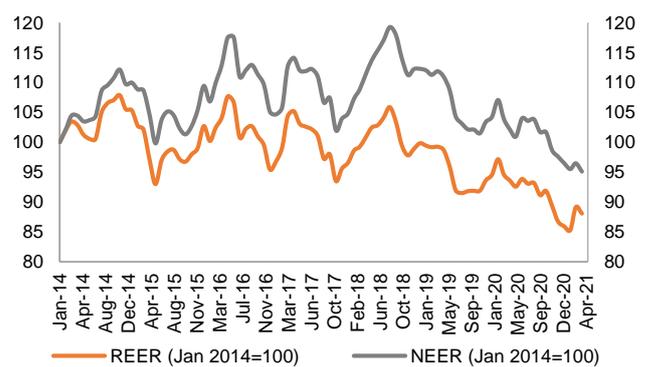
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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

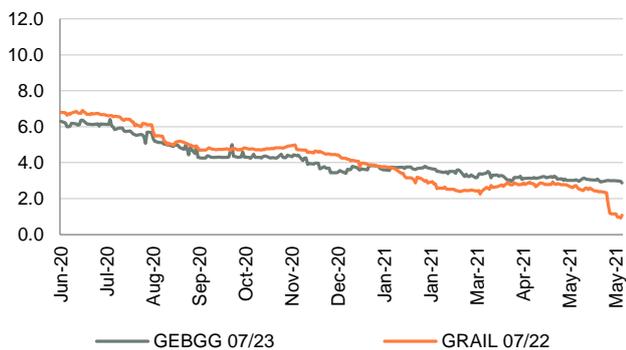
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.87% yield, trading at 106.43 (+0.05% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.36 (unchanged w/w), yielding 5.58%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.21 (-0.06% w/w), yielding 1.09%.

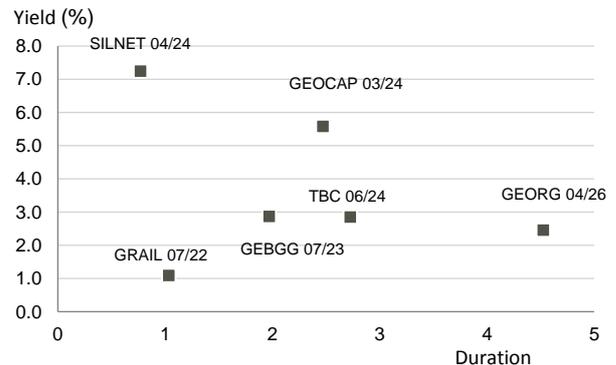
Georgian Sovereign Eurobonds (GEORG) closed at 101.37 (+0.15% w/w) at 2.45% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

Note: For Silknet duration calculation call date is taken as maturity.

Georgian bonds performance

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	101.37	2.45	162.59
GRAIL 07/22	USD	500	7.750%	Jul-22	BB-/B+/-	107.21	1.09	93.87
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B+/-	106.43	2.87	262.14
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	109.51	9.09	717.01
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	101.36	5.58	522.14
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.40	7.24	556.52
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B+/-	108.38	2.85	242.98
TBC PERP	USD	125	10.775%	n/a	B-/B-	109.84	9.28	690.57
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	105.93	6.11	538.38

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B+/-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 08/21	USD	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/BB-	n/a	n/a	n/a
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

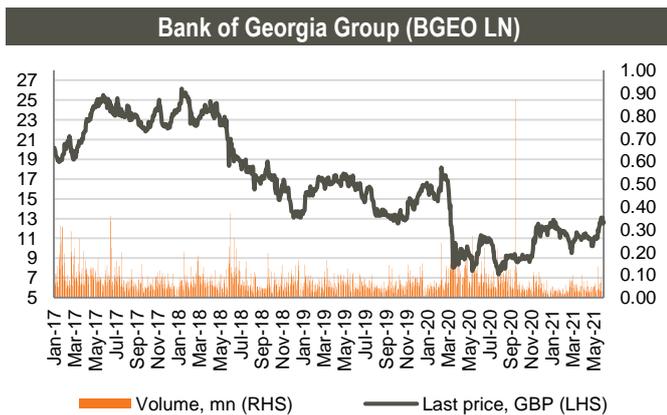
Source: Bloomberg

Equities

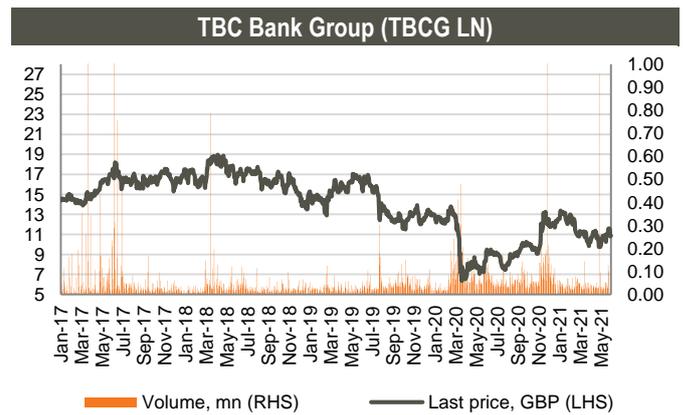
Bank of Georgia Group (BGEO LN) shares closed at GBP 12.64/share (-3.51% w/w and +20.38% m/m). More than 104k shares traded in the range of GBP 12.38 - 13.34/share. Average daily traded volume was 46k in the last 4 weeks. The volume of BGEO shares traded was at 0.21% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.26/share (+2.62% w/w and +11.39% m/m). More than 91k shares traded in the range of GBP 6.12 - 6.48/share. Average daily traded volume was 104k in the last 4 weeks. The volume of CGEO shares traded was at 0.19% of its capitalization.

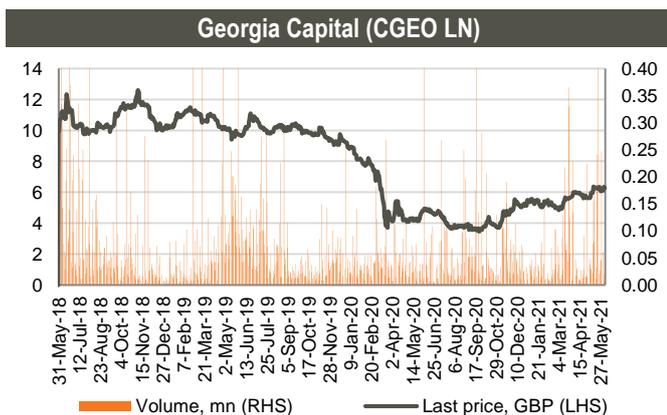
TBC Bank Group (TBCG LN) closed the week at GBP 10.90/share (-6.03% w/w and +11.34% m/m). More than 138k shares changed hands in the range of GBP 10.52 - 11.70/share. Average daily traded volume was 41k in the last 4 weeks. The volume of TBCG shares traded was at 0.25% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	12.64	622	3.4%	24.7%	3.6%	9.46x	5.21x	1.14x	0.99x
TBC	TBC	GBP	10.90	601	-8.4%	19.6%	-12.8%	6.71x	4.70x	0.93x	0.80x
Sberbank	SBER	USD	17.01	91,798	14.1%	37.8%	17.1%	9.25x	6.66x	1.39x	1.30x
Halyk Bank	HSBK	USD	16.00	4,702	36.2%	36.2%	37.3%	6.42x	4.86x	1.31x	1.21x
VTB Bank	VTBR	USD	1.36	8,787	35.2%	30.4%	42.1%	9.09x	3.54x	0.47x	0.43x
Akbank	AKBNK	TRY	5.28	27,456	-14.6%	-9.4%	-23.8%	3.94x	3.57x	0.39x	0.39x
Garanti	GARAN	TRY	8.10	34,020	-11.1%	-0.5%	-21.9%	4.34x	3.86x	0.46x	0.47x
Isbank	ISCTR	TRY	5.18	23,310	-21.6%	1.8%	-26.0%	2.98x	2.77x	0.30x	0.30x
PKO	PKO	PLN	40.40	50,500	44.3%	78.3%	40.7%	18.12x	11.12x	1.15x	1.19x
PEKAO	PEO	PLN	97.40	25,565	63.4%	77.1%	59.4%	21.87x	14.22x	1.04x	0.98x
Millennium	MIL	PLN	5.15	6,247	66.6%	68.5%	57.5%	90.90x	10.91x	0.70x	0.83x
Mbank	MBK	PLN	301.60	12,778	77.9%	33.3%	68.3%	53.09x	11.31x	0.77x	0.79x
BRD	BRD	RON	16.00	11,150	10.2%	22.1%	7.7%	13.99x	10.74x	1.24x	1.08x
Banca Transilvania	TLV	RON	2.75	15,779	21.7%	35.6%	22.2%	16.44x	9.89x	1.74x	1.49x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	8.88x	0.70x	0.61x
Komercni	KOMB	CZK	789.50	150,044	28.2%	41.0%	20.2%	19.24x	15.76x	1.36x	1.25x
Mean								18.65x	8.00x	0.94x	0.88x
Median								10.99x	7.77x	0.99x	0.90x

Source: Bloomberg, S&P Capital IQ

Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	6.26	300	13.0%	30.4%	15.9%	na	na	na	na
Tinc Comm	TINC	EUR	12.42	452	-4.5%	-5.2%	-4.1%	na	na	na	na
Sabancı Holding	SAHOL	TRY	9.24	18,853	-9.4%	2.4%	-19.4%	3.37x	3.36x	0.44x	0.41x
Deutsche Beteiligungs	DBAN	EUR	35.55	535	12.1%	19.1%	14.1%	na	7.05x	1.25x	1.12x
Eurazeo	RF	EUR	72.45	5,725	31.6%	49.8%	30.5%	35.09x	10.83x	1.05x	0.92x
Carlyle Group	CG	USD	42.92	15,218	47.6%	44.3%	36.5%	23.12x	17.23x	7.09x	4.77x
Mean								20.53x	9.62x	2.46x	1.81x
Median								23.12x	8.94x	1.15x	1.02x

Source: Bloomberg, S&P Capital IQ

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