



Weekly Market Watch

Weekly Market Watch | Georgia
May 24, 2021

Economy

Exports up by 70.0% y/y in April 2021

In April 2021, exports surged by 70.0% y/y to US\$ 378.1mn after increasing by 30.6% y/y in previous month. Notably, exports were also up by 21.6% compared to April 2019 level. Imports also increased by 56.5% y/y to US\$ 749.1mn, after growing 18.5% y/y in previous month. As a result, trade deficit widened by 44.8% y/y to US\$ 371.0mn in April.

In April 2021, copper (+88.5% y/y), cars (+460.9% y/y), ferro-alloys (-17.5% y/y), wine (+104.0% y/y) and spirits (+84.5% y/y) were the top 5 exported commodities. A 14.5% of exports were directed to the EU (+28.2% y/y), 44.1% to the CIS (+78.7% y/y) and 41.4% to other countries (+81.5% y/y).

Petroleum (+161.7% y/y), cars (+86.3% y/y), copper (-18.8% y/y), pharmaceuticals (-2.7% y/y) and gases (-12.2% y/y) represented the top 5 imported commodities in April 2021.

Overall in 4M21, trade deficit was up by 3.6% y/y to US\$ 1.5bn, as exports increased by 19.6% y/y to US\$ 1.2bn and imports increased by 10.1% y/y to US\$ 2.7bn.

Money transfers up by 145.4% y/y in April 2021

In April 2021, money transfers surged by 145.4% y/y to US\$ 194.1mn, after growing 49.5% y/y in previous month, according to NBG. Notably, remittances were also up by 41.5% compared to April 2019 level. From major remitting countries, money transfers increased strongly from Russia (+154.3% y/y, 17.2% of total), Italy (+137.4% y/y, 16.3% of total), USA (+155.4% y/y, 12.8% of total), Greece (+114.2% y/y, 11.2% of total) and Israel (+125.4% y/y, 8.0% of total). Overall, in 4M21 money transfers were up 48.2% y/y to US\$ 693.4mn.

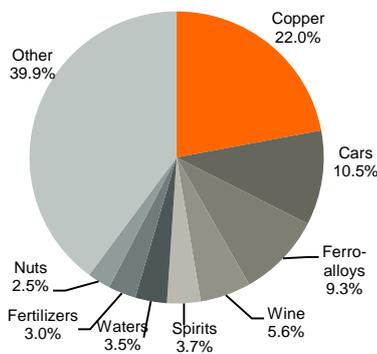
Producer price index up 17.5% y/y in April 2021

Annual PPI for industrial goods was up 17.5% in April 2021 from 15.5% in previous month, according to Geostat. Price changes in manufacturing (+16.7% y/y) and electricity, gas, steam and air conditioning (+19.8% y/y) contributed the most to the overall index change.

Unemployment rate up by 3.7ppts y/y to 21.9% in 1Q21

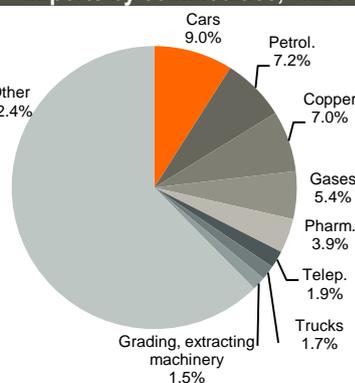
Unemployment rate increased by 3.7ppts to 21.9% in 1Q21, according to Geostat. Out of employed persons, the share of hired labor declined by 1.3ppts y/y and accounted for 69.3% of total, while share of self-employed persons increased by 1.2ppts y/y to 30.6% of total.

Exports by commodities, 4M21



Source: Geostat

Imports by commodities, 4M21

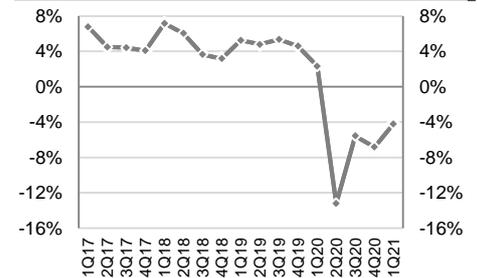


Key macro indicators

	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



Source: Rating agencies



Money market

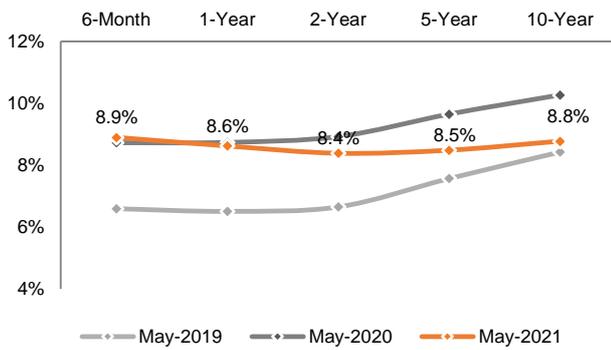
There was no treasury securities auction last week. The nearest treasury security auction is scheduled for May 25, 2021, where GEL 35.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	45	120	90
1-year	45	120	540
2-year	60	160	1,270
5-year	148	280	2,373
10-year	44	56	1,262
Total	342	736	5,535

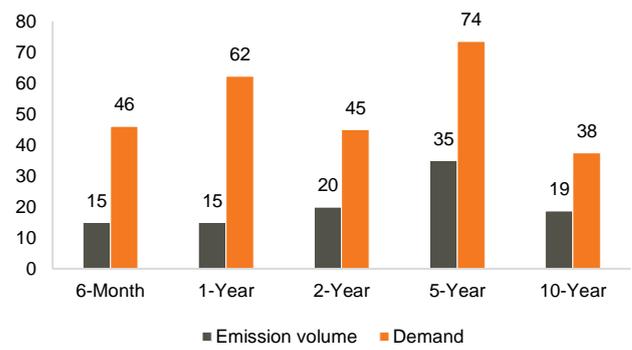
Source: MoF
Note: * As of 31 March 2021

T-bills / T-notes, yield curve



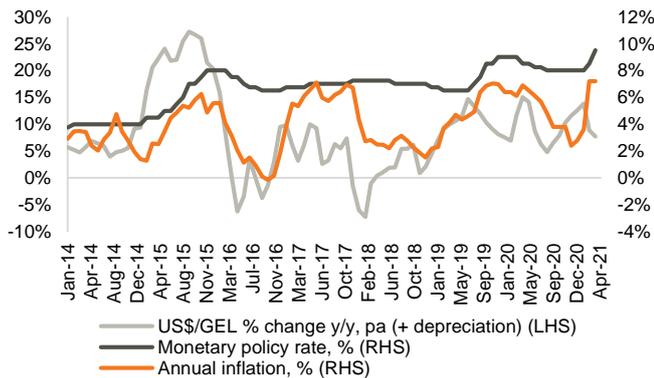
Source: NBG

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



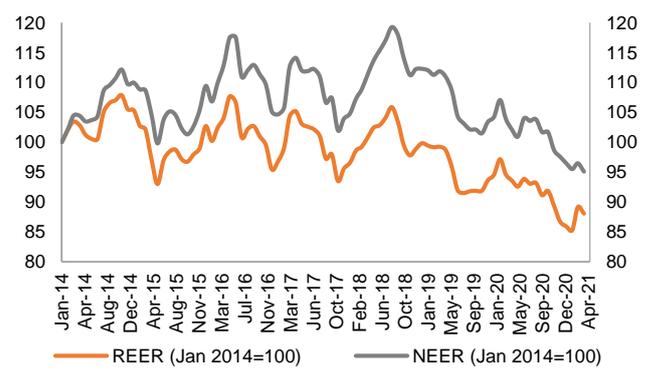
Source: NBG

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

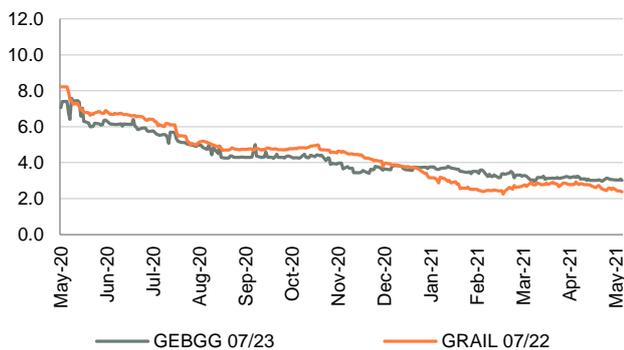
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.88% yield, trading at 106.51 (+0.31% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.40 (unchanged w/w), yielding 5.57%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.95 (+0.15% w/w), yielding 2.37%.

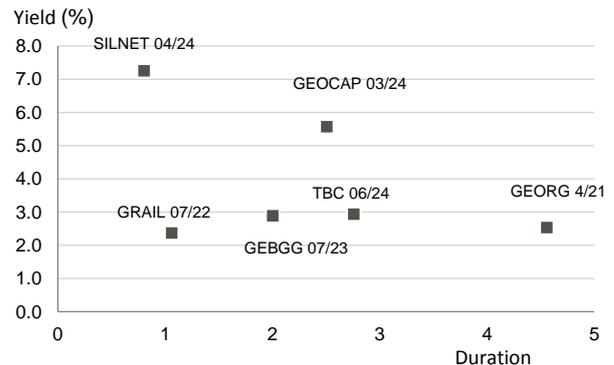
Georgian Sovereign Eurobonds (GEORG) closed at 100.99 (+0.23% w/w) at 2.53% yield to maturity.

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	100.99	2.53	165.89
GRAIL 07/22	USD	500	7.750%	Jul-22	BB-/B+/-	105.95	2.37	219.75
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B+/-	106.51	2.88	260.26
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	108.73	9.19	743.71
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	101.40	5.57	517.39
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.48	7.25	564.07
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B+/-	108.21	2.93	247.92
TBC PERP	USD	125	10.775%	n/a	B-/B-	109.55	9.31	699.22
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	105.89	6.13	539.82

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 06/21	USD	5	6.50%	Jun-21	-/-/-	n/a	n/a	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

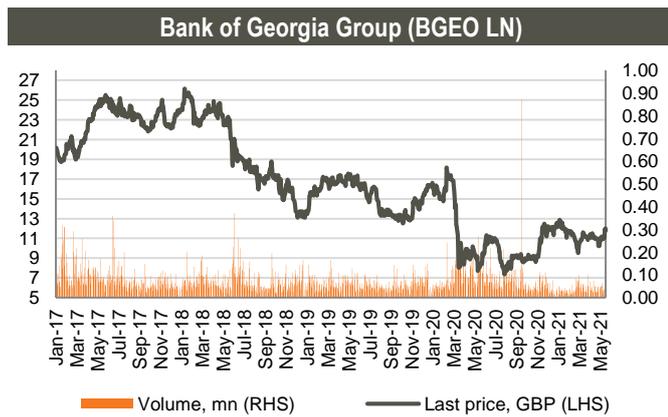
Source: Bloomberg

Equities

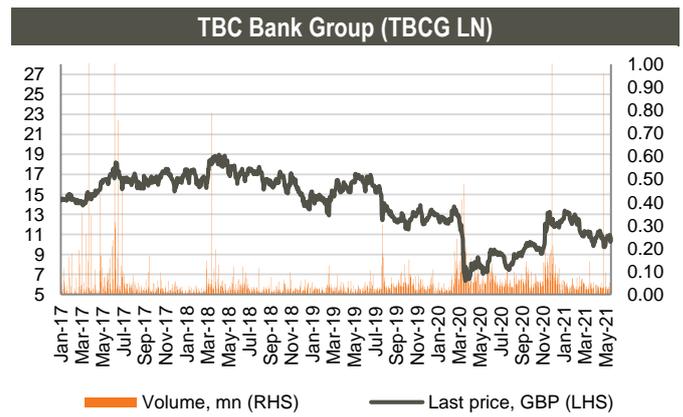
Bank of Georgia Group (BGEO LN) shares closed at GBP 12.00/share (+8.11% w/w and +9.69% m/m). More than 310k shares traded in the range of GBP 10.92 - 12.00/share. Average daily traded volume was 46k in the last 4 weeks. The volume of BGEO shares traded was at 0.63% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.22/share (-0.48% w/w and +6.69% m/m). More than 563k shares traded in the range of GBP 6.20 - 6.40/share. Average daily traded volume was 79k in the last 4 weeks. The volume of CGEO shares traded was at 1.18% of its capitalization.

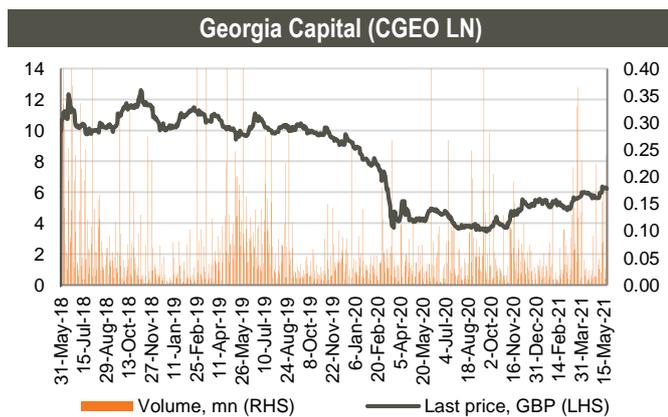
TBC Bank Group (TBCG LN) closed the week at GBP 10.70/share (-1.47% w/w and -4.46% m/m). More than 200k shares changed hands in the range of GBP 10.24 - 11.40/share. Average daily traded volume was 83k in the last 4 weeks. The volume of TBCG shares traded was at 0.36% of its capitalization.



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	12.00	590	-0.3%	42.0%	-1.6%	8.98x	5.24x	1.08x	0.96x
TBC	TBC	GBP	10.70	590	-14.7%	40.6%	-14.4%	6.58x	4.86x	0.92x	0.81x
Sberbank	SBER	USD	16.49	88,965	27.5%	52.1%	13.5%	8.96x	6.48x	1.35x	1.26x
Halyk Bank	HSBK	USD	15.10	4,437	32.5%	65.6%	29.6%	6.06x	4.59x	1.23x	1.14x
VTB Bank	VTBR	USD	1.23	7,984	32.5%	29.5%	29.1%	8.26x	3.23x	0.43x	0.39x
Akbank	AKBNK	TRY	5.24	27,248	-19.4%	-4.6%	-24.4%	4.04x	3.54x	0.40x	0.38x
Garanti	GARAN	TRY	8.16	34,272	-13.7%	7.4%	-21.3%	4.53x	3.88x	0.48x	0.48x
Isbank	ISCTR	TRY	5.15	23,175	-24.5%	6.6%	-26.4%	3.07x	2.74x	0.31x	0.30x
PKO	PKO	PLN	37.00	46,250	37.9%	74.5%	28.8%	16.50x	12.64x	1.05x	1.03x
PEKAO	PEO	PLN	91.70	24,068	60.9%	77.0%	50.1%	20.48x	15.25x	0.97x	0.91x
Millennium	MIL	PLN	4.67	5,660	64.8%	79.9%	42.7%	81.91x	53.41x	0.63x	0.69x
Mbank	MBK	PLN	306.60	12,990	88.6%	65.7%	71.1%	53.67x	19.75x	0.78x	0.75x
BRD	BRD	RON	15.90	11,081	24.4%	35.0%	7.0%	13.91x	10.63x	1.23x	1.07x
Banca Transilvania	TLV	RON	2.67	15,320	25.9%	53.1%	18.7%	15.97x	10.65x	1.69x	1.41x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	9.41x	0.70x	0.61x
Komerčni	KOMB	CZK	726.00	137,976	26.0%	43.5%	10.5%	17.71x	14.83x	1.25x	1.15x
Mean								17.70x	11.32x	0.91x	0.83x
Median								10.75x	7.95x	0.95x	0.86x

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	6.22	298	36.1%	48.4%	15.2%	na	na	na	na
Tinc Comm	TINC	EUR	12.44	452	-3.6%	-5.0%	-3.9%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.53	17,405	-21.1%	1.5%	-25.6%	3.22x	3.10x	0.42x	0.38x
Deutsche Beteiligungs	DBAN	EUR	34.45	518	9.1%	31.9%	10.6%	na	6.80x	1.22x	1.09x
Eurazeo	RF	EUR	71.30	5,634	38.3%	71.6%	28.5%	34.58x	9.81x	1.03x	0.90x
Carlyle Group	CG	USD	42.70	15,140	52.8%	61.1%	35.8%	23.00x	17.14x	7.05x	4.74x
Mean								20.27x	9.21x	2.43x	1.78x
Median								23.00x	8.31x	1.12x	0.99x

Source: Bloomberg, S&P Capital IQ

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