



Regional Fixed Income Market Watch

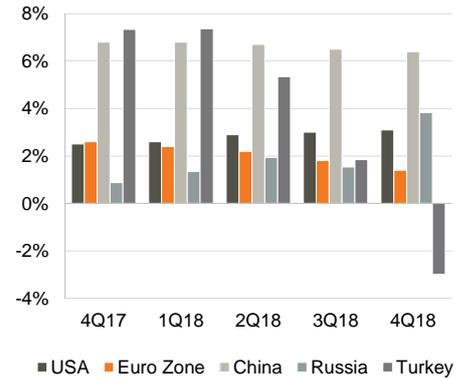
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
Monthly Bulletin
March 20, 2019

Highlights

- Real GDP in the US grew at a 2.6% annualized rate (initial estimate) in 4Q18 after 3.4% growth in 3Q18. Unemployment rate was 3.8% in February 2019, down from 4.0% in previous month.
- EU19 real GDP grew by 1.1% y/y in 4Q18 after 1.6% y/y growth in 3Q18. Unemployment rate in EU19 was unchanged at 7.8% in January 2019.
- Turkish economy contracted by 3.0% y/y in 4Q18, bringing 2018 real GDP growth at 2.6% y/y.
- In January 2019, economic growth was 6.0% y/y in Armenia, 3.5% y/y in Georgia, 2.9% y/y in Kazakhstan, 2.9% y/y in Azerbaijan, 0.7% y/y in Belarus and 0.2% y/y in Russia, based on rapid estimates.
- Annual inflation in the US was 1.5% in February 2019, down from 1.6% in previous month. Based on the Eurostat flash estimate, annual inflation in EU19 was 1.5% in February 2019, up from 1.4% in January 2019.
- In February 2019, annual inflation was below the target level in Armenia (1.9%) and Georgia (2.3%); inflation was within the target range in Kazakhstan (4.8%), and above the target in Russia (5.2%), Belarus (6.2%), Ukraine (8.8%) and Turkey (19.7%). Annual inflation was 2.2% in Azerbaijan.
- As of 19 March 2019, monetary policy rate was cut by 0.25bp to 6.5% in Georgia, by 0.25bp to 9.0% in Azerbaijan and has remained unchanged in other countries.
- In February 2019, Fitch upgraded Georgia's sovereign credit rating to BB from BB-, with stable outlook.

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		
	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F
Armenia	7.5%	6.0%	4.8%	11.5	12.5	13.3	3,857	4,190	4,447	0.9%	3.0%	4.4%	-4.8%	-2.7%	-2.2%	-2.8%	-3.8%	-3.8%
Azerbaijan	0.1%	1.3%	3.6%	40.7	45.6	48.1	4,141	4,587	4,779	13.0%	3.5%	3.3%	-1.7%	4.8%	6.5%	4.1%	6.6%	8.1%
Belarus	2.4%	4.0%	3.1%	54.4	56.9	60.0	5,727	6,020	6,372	6.0%	5.5%	5.5%	-0.3%	-2.4%	-4.3%	-1.7%	-2.5%	-4.2%
Georgia	4.8%	5.0%	4.6%	15.1	16.5	17.2	4,047	4,400	4,600	6.0%	2.8%	3.1%	-0.9%	-0.9%	-2.2%	-8.8%	-9.0%	-9.5%
Kazakhstan	4.0%	3.7%	3.1%	159.4	184.2	195.7	8,762	9,977	10,447	7.4%	6.4%	5.6%	-6.4%	1.4%	1.4%	-3.4%	-0.2%	0.2%
Ukraine	2.5%	3.5%	2.7%	112.1	126.4	132.9	2,656	2,964	3,133	14.4%	10.9%	7.3%	-2.2%	-2.5%	-2.6%	-1.9%	-3.1%	-3.9%
Russia	1.5%	1.7%	1.8%	1,577.5	1,576.5	1,649.2	10,956	10,950	11,461	3.7%	2.8%	5.1%	-1.5%	1.6%	1.8%	2.2%	6.2%	5.2%
Turkey	7.4%	3.5%	0.4%	851.5	713.5	631.2	10,537	8,716	7,615	11.1%	15.0%	16.7%	-2.3%	-4.0%	-5.1%	-5.6%	-5.7%	-1.4%

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-	stable
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	Ba3	Ba3	negative	BB-	B+	stable

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

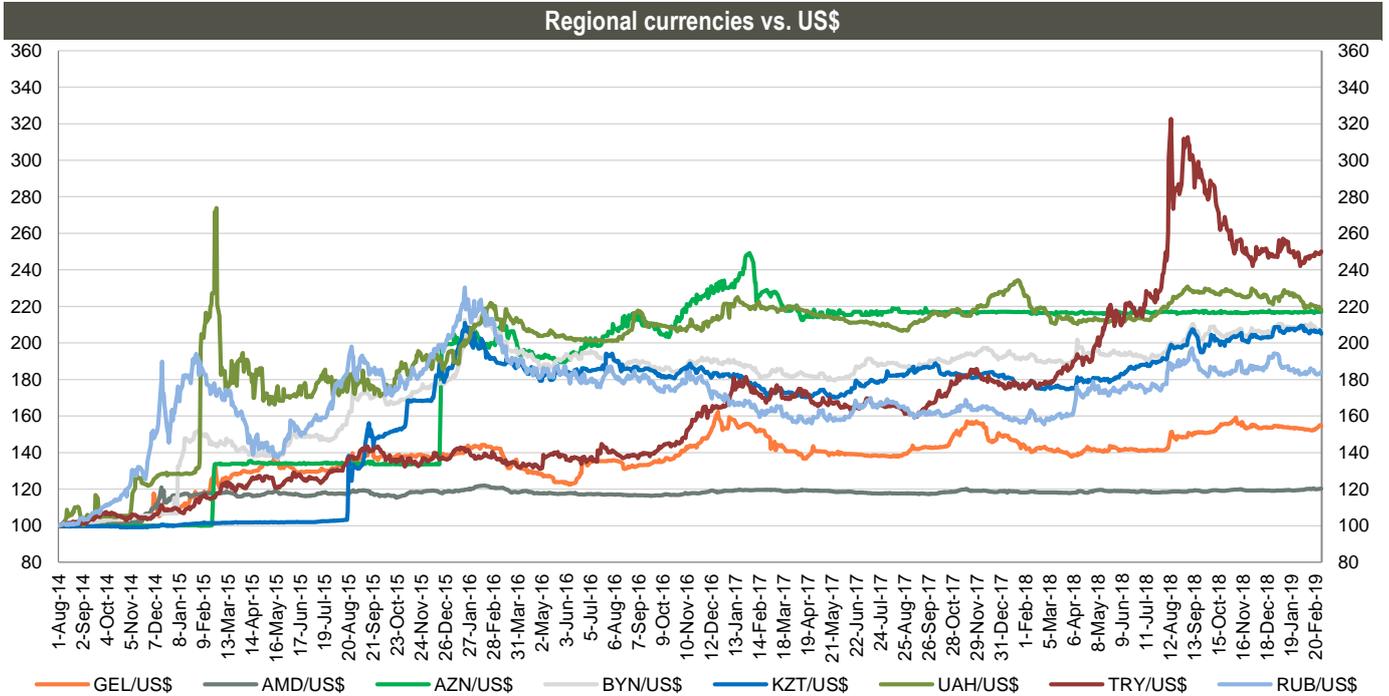
Monetary stance

	Inflation, y/y		MPR
	Feb-19	Latest-19	
Armenia	1.9%	5.75%	
Azerbaijan	2.2%	9.00%	
Belarus	6.2%	10.0%	
Georgia	2.3%	6.50%	
Kazakhstan	4.8%	9.25%	
Ukraine	8.8%	18.0%	
Russia	5.2%	7.75%	
Turkey	19.7%	24.0%	

Source: Central banks, Statistics Offices

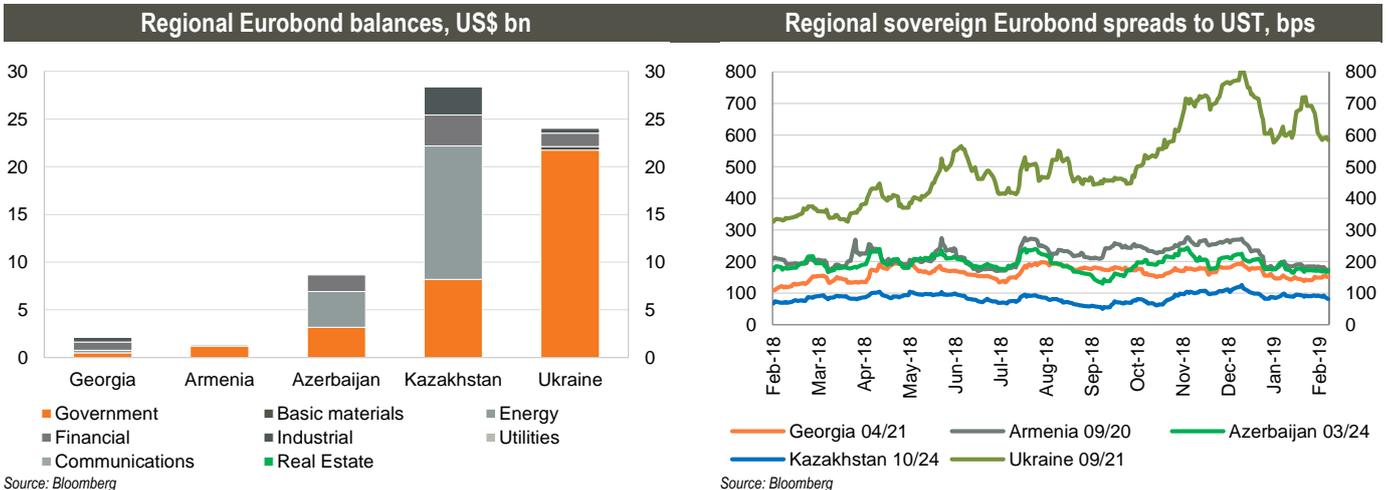


Eurobonds

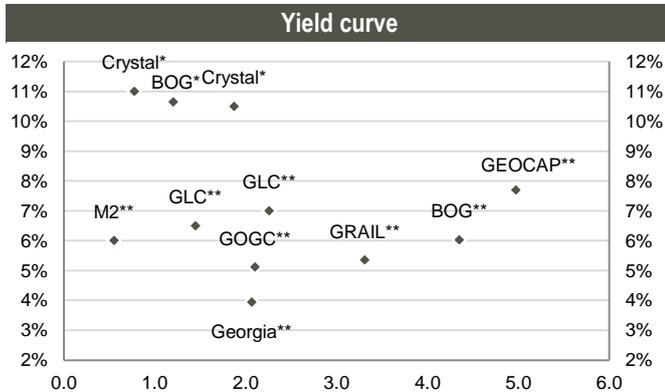


Source: Bloomberg

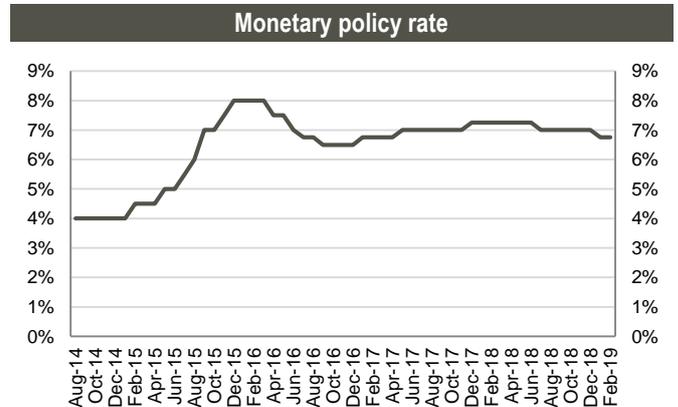
Note: National currency per US\$; Index growth means depreciation of the local currency, index decline means appreciation of the local currency; Aug-2014=100



Snapshot: Georgia

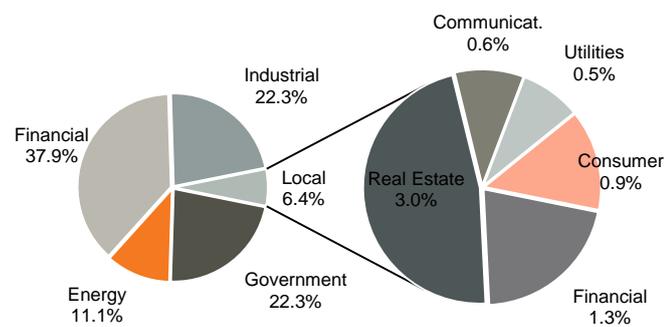


Remaining maturity
*In GEL; **In US\$
Source: Bloomberg, Galt & Taggart



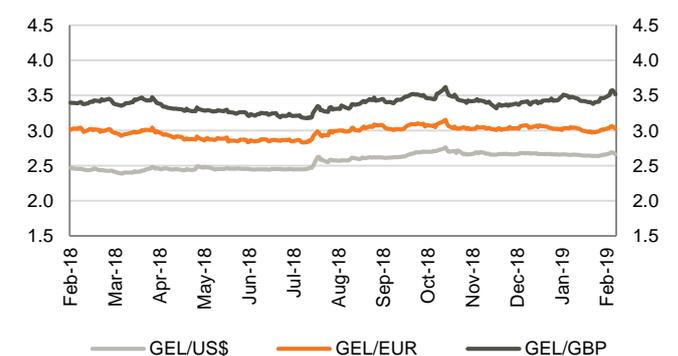
Source: National Bank of Georgia

Bond universe by sector (US\$ 2.2bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

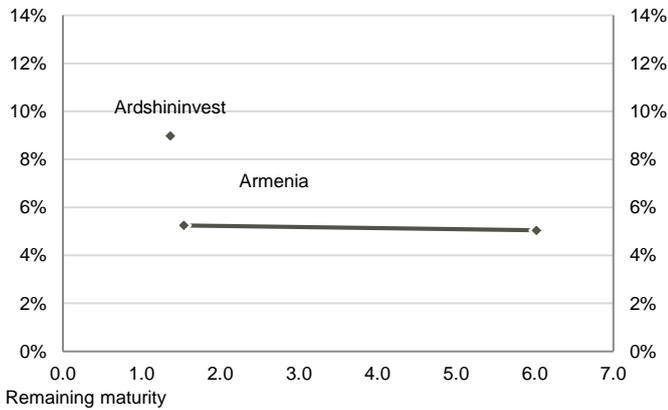
Bond performance

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	105.67	3.92	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB-/B+/-/-	250	101.45	5.80	London
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/B2/-	350	98.72	6.26	Dublin
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/B2/-	500	99.62	10.65	Dublin
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	105.83	5.73	London
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-B+/B2/-	300	91.33	8.19	Dublin
GWP	GEL	Utilities	GEWRPW	Dec-21	10.00%**	BB-*/-/-	30	N/A	N/A	Georgia
M2 Real Estate	US\$	Real Estate	\$M204J	Oct-19	7.50%	-/-/-	25	100.61	6.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-/-	10	100.00	6.75	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-/-	5	97.85	7.00	Georgia
Nikora	US\$	Consumer	\$NKR01J	Jun-19	9.00%	-/-/B+*	10	N/A	N/A	Georgia
Silknet	GEL	Communications	\$SLK01M	Aug-22	10.00%**	B+*/-/-/-	34	N/A	N/A	Georgia
MFO Crystal	GEL	Financial	\$CRS01J	Dec-19	11.00%**	B*/-/-/-	10	100.00	11.00	Georgia
MFO Crystal	GEL	Financial	N/A	Feb-21	10.50%**	B*/-/-/-	15	100.00	10.50	Not Listed
Georgian Beer Company	GEL	Consumer	\$GBC01N	Dec-23	11.00%	-/-/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
M2 Commercial Assets	US\$	Real Estate	N/A	Dec-21	7.50%	-/-/-	30	98.72	7.75	Georgia

*Company ratings; **Floating rate
Source: Bloomberg, Galt & Taggart

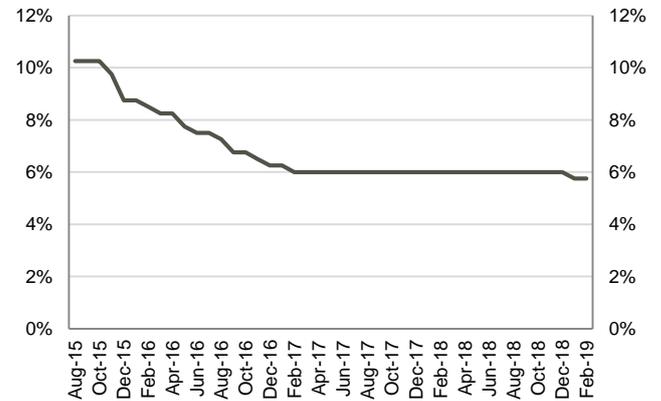
Snapshot: Armenia

Yield curve



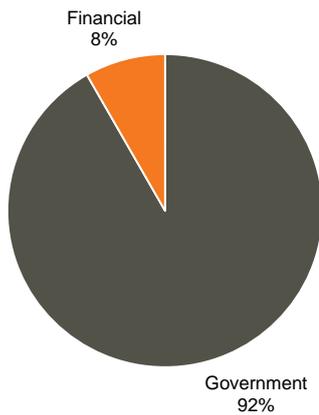
Source: Bloomberg

Monetary policy rate



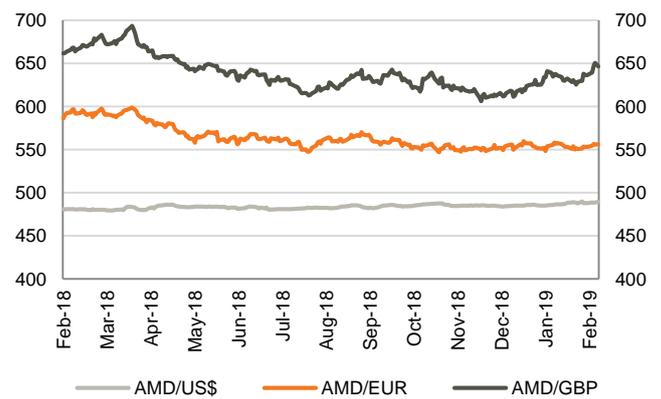
Source: Central Bank of Armenia

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



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

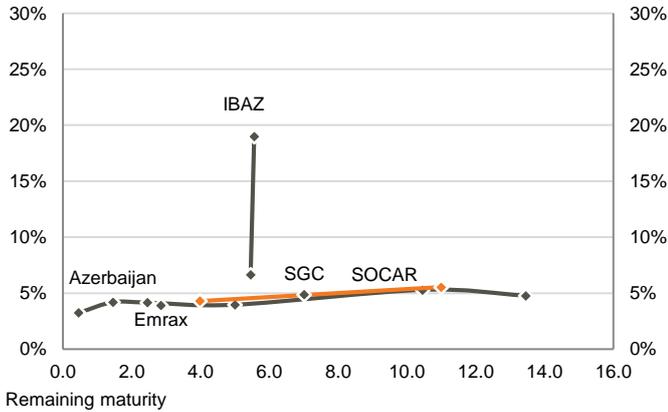
Bond performance

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	102.25	4.33	Dublin
Republic Of Armenia	US\$	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	110.57	5.04	Dublin
Ardshinvestbk	US\$	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	103.25	8.98	Dublin
Armswissbank	US\$	Financial	ARMSWI	Apr-19	8.00%	-/-	3	N/A	N/A	Armenia
Armswissbank	US\$	Financial	ARMSWI	Apr-20	8.50%	-/-	5	N/A	N/A	Armenia

Source: Bloomberg

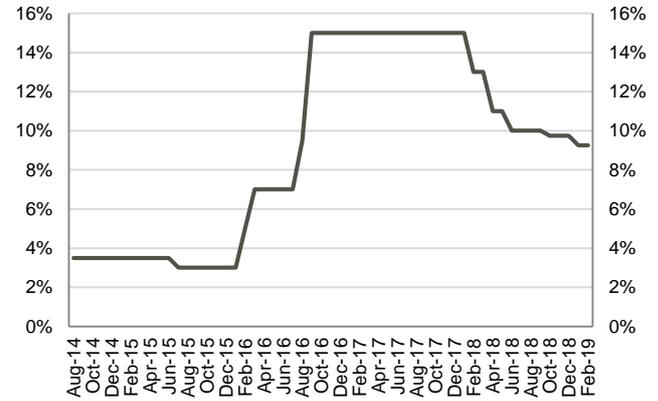
Snapshot: Azerbaijan

Yield curve



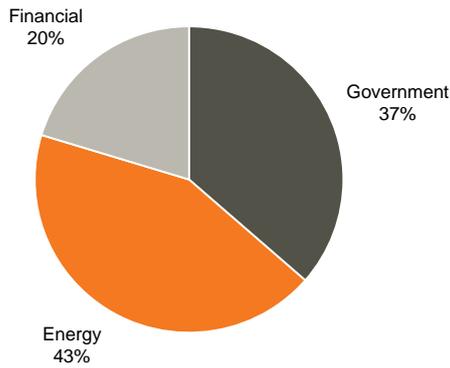
Source: Bloomberg

Monetary policy rate



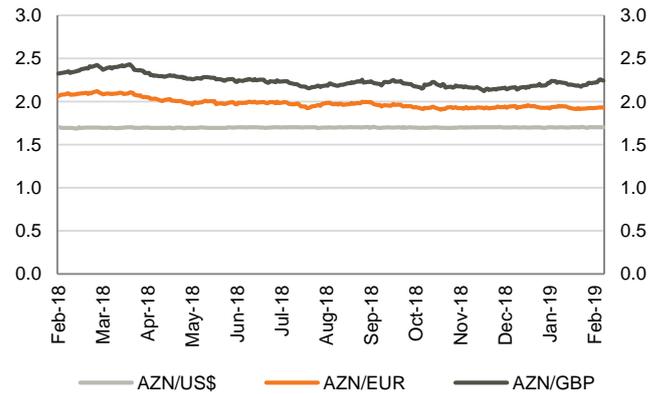
Source: Central Bank of Azerbaijan

Bond universe by sector (US\$ 8.7bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

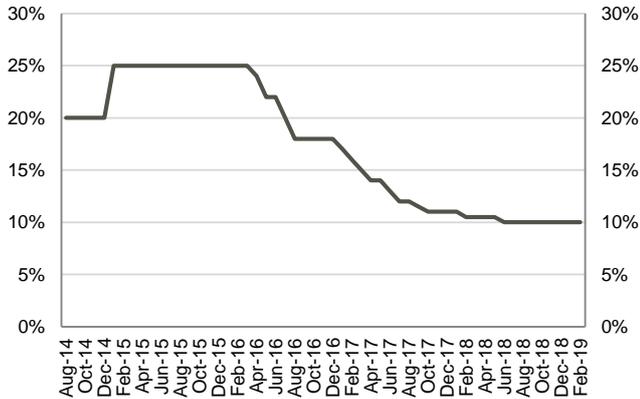
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-19	2.82%	BB+/-/Ba2	174	99.39	3.23	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	97.70	4.19	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	96.52	4.15	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	103.42	3.96	Stuttgart
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	98.56	5.28	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	87.33	4.77	Not Listed
Southern Gas Corridor	US\$	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	111.64	4.88	Dublin
SOCAR	US\$	Energy	SOIAZ	Mar-23	4.75%	BB+/BB-/Ba2	1,000	101.57	4.30	London
SOCAR	US\$	Energy	SOIAZ	Mar-30	6.95%	BB+/BB-/NR	750	111.36	5.54	London
Emraxbank	US\$	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	113.29	3.92	Baku
IBAZ	US\$	Financial	IBAZAZ	Jun-19	5.63%	WD/-/WR	500	75.88	127.45	Stuttgart
IBAZ	US\$	Financial	IBAZAZ	Sep-24	3.50%	B-/-	1,000	85.35	6.65	Not Listed
IBAZ	US\$	Financial	IBAZAZ	Oct-24	8.25%	-/NR	250	61.25	18.99	Dublin

Source: Bloomberg



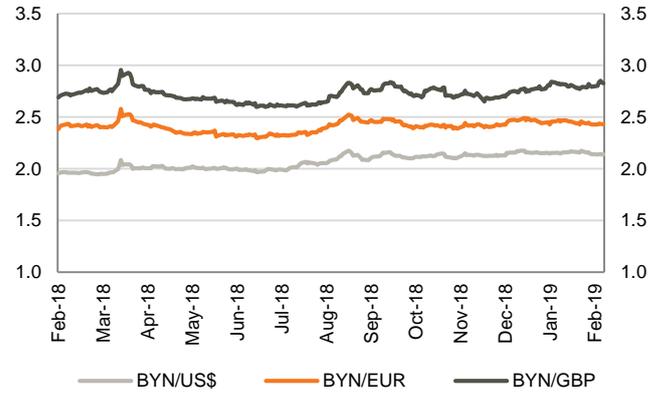
Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

Bond performance

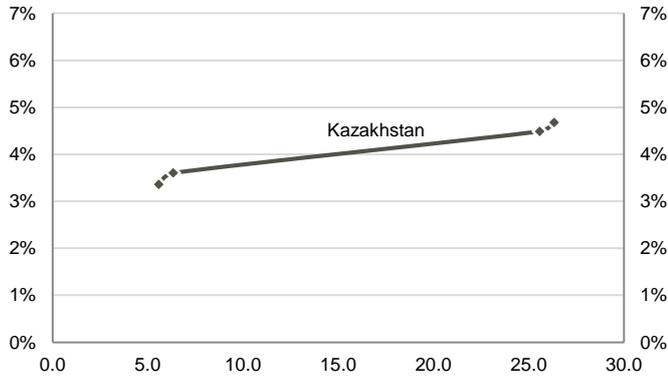
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Belarus	US\$	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	104.54	5.51	Dublin
Republic Of Belarus	US\$	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	107.73	6.36	Dublin
Republic Of Belarus	US\$	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	97.82	6.44	Dublin

Source: Bloomberg



Snapshot: Kazakhstan

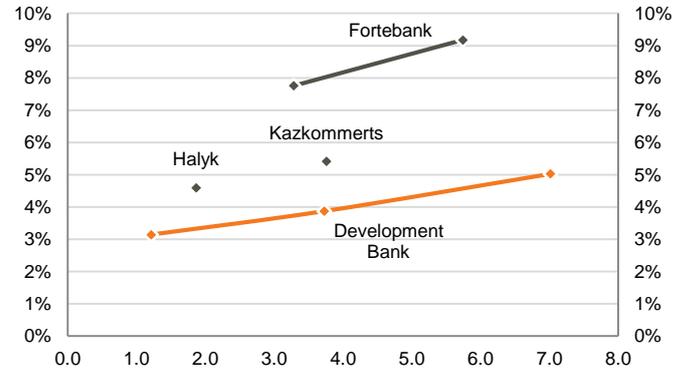
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

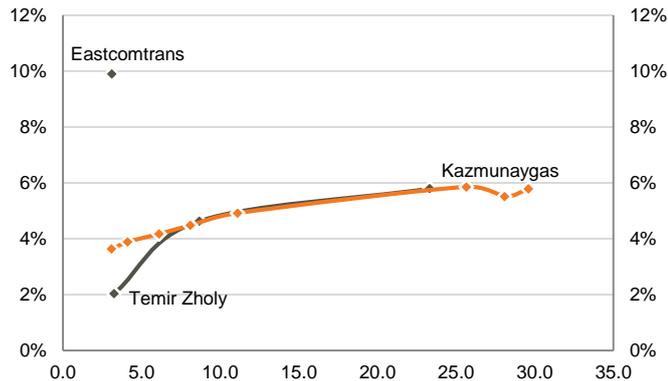
Yield curve (banks)



Remaining maturity

Source: Bloomberg

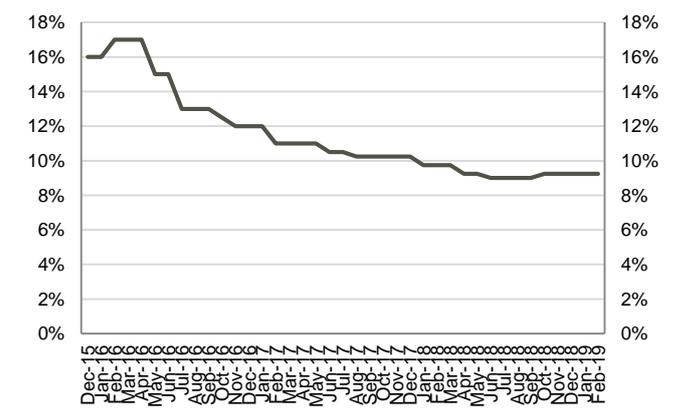
Yield curve (other sectors)



Remaining maturity

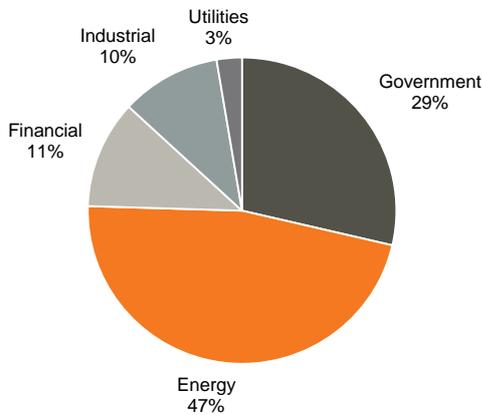
Source: Bloomberg

Monetary policy rate



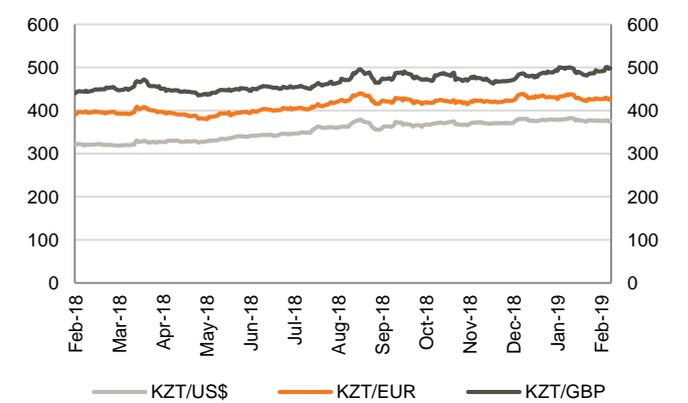
Source: National Bank of Kazakhstan

Bond universe by sector (US\$ 28.4bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



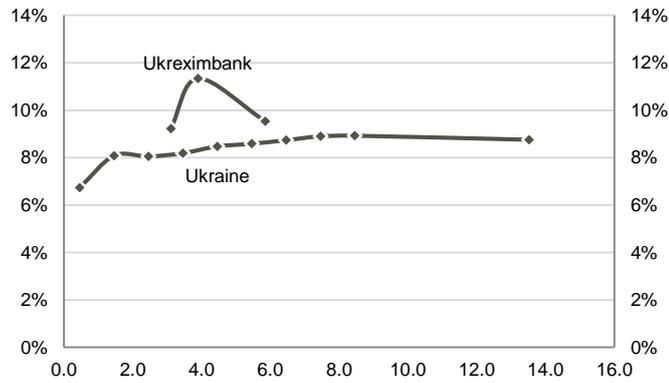
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	102.41	3.36	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	108.37	3.60	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	105.53	4.49	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	127.23	4.68	London
Kazagro Natl Mgmt Hldg	EUR	Government	KAZNMH	May-19	3.26%	BBB-/NR/Ba1	600	N/A	N/A	Dublin
Kazagro Natl Mgmt Hldg	US\$	Government	KAZNMH	May-23	4.63%	WD/NR/Ba1	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	100.66	3.63	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	101.87	3.89	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-25	4.75%	BBB-/BB/Baa3	500	102.90	4.17	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	101.75	4.48	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-30	5.38%	BBB-/BB/Baa3	1,250	103.74	4.92	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%	BBB-/BB/Baa3	1,000	101.45	5.85	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	103.40	5.51	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Oct-48	6.38%	BBB-/BB/Baa3	1,500	108.23	5.78	London
Kaztransgas	US\$	Utilities	KZTGKZ	Sep-27	4.38%	BBB-/BB/Baa3	750	96.65	4.85	Dublin
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	103.69	3.14	Kazakhstan
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	100.66	3.87	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	105.44	5.02	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Jun-22	14.00%	NR/B/-	61	117.26	7.76	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Dec-24	11.75%	B/B/-	237	110.96	9.18	Kazakhstan
Halyk Savings Bank-Kaz.	US\$	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Ba3	500	104.55	4.59	London
Kazkommertsbank	US\$	Financial	KKB	Dec-22	5.50%	BB/BB/-	750	100.14	5.41	Kazakhstan
Eastcomtrans	US\$	Industrial	EASTCM	Apr-22	8.00%	WD/-/B3	100	94.27	9.90	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-19	2.59%	BBB-/BB-/Baa3	100	100.59	0.04	Zurich
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	104.71	2.03	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Nov-27	4.85%	BBB-/BB-/Baa3	780	101.37	4.63	Dublin
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Jul-42	3.88%	BBB-/BB-/Baa3	1,100	114.66	5.79	London

Source: Bloomberg

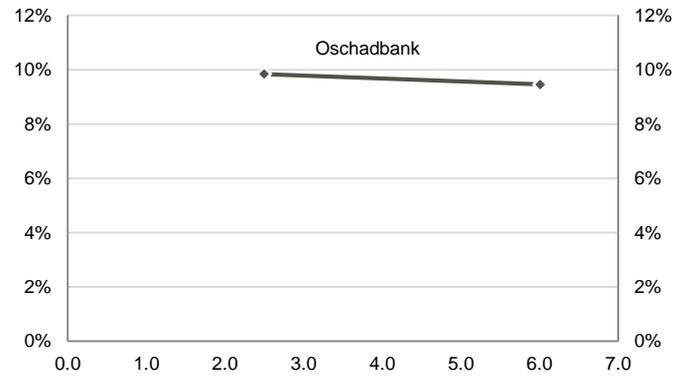
Snapshot: Ukraine

Yield curve (sovereign)



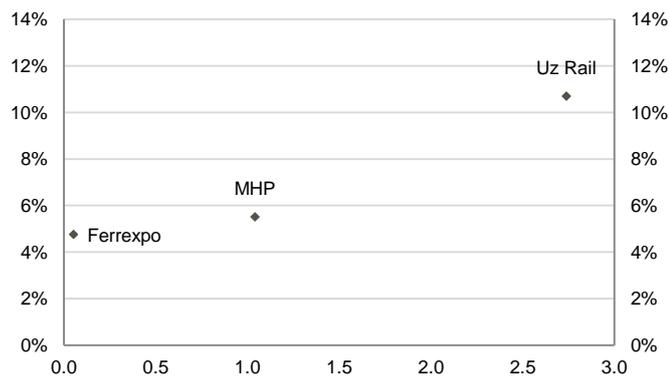
Remaining maturity
Source: Bloomberg

Yield curve (banks)



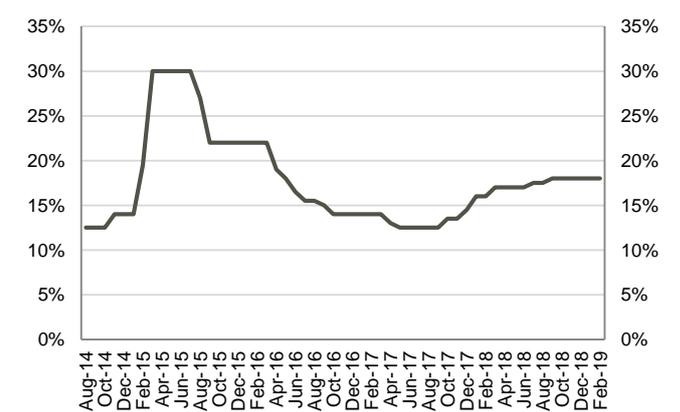
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



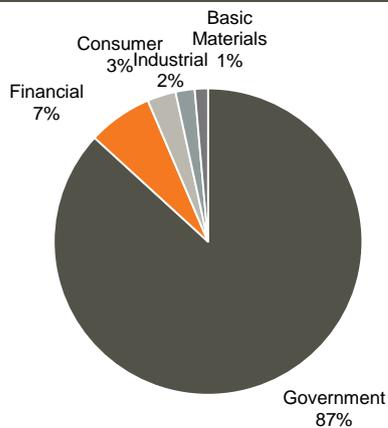
Remaining maturity
Source: Bloomberg

Monetary policy rate



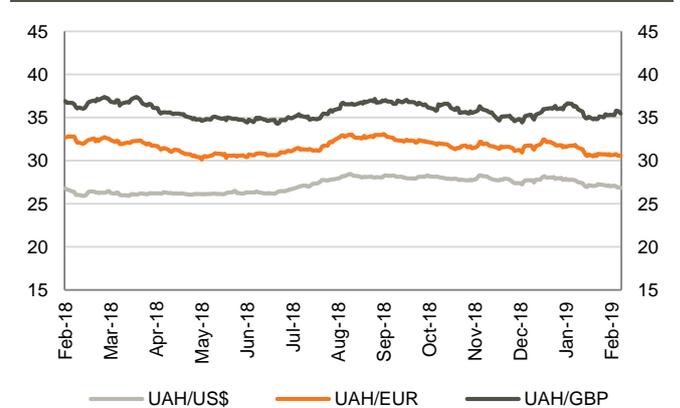
Source: National Bank of Ukraine

Bond universe by sector (US\$ 25.0bn 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)	Bid price	YTM Mid	Exchange
Ukraine Government	US\$	Government	UKRAIN	Sep-19	7.75%	B-/B-/Caa1	1,822	100.24	6.73	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	99.35	8.08	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	99.02	8.05	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	98.51	8.19	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	97.19	8.47	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	96.21	8.59	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	95.04	8.74	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	93.76	8.90	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	92.97	8.93	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-32	7.38%	B-/B/-	3,000	88.96	8.76	Dublin
Ukraine Government	US\$	Government	UKRAIN	May-40	0.00%	-B/-	3,239	64.21	N/A	Dublin
Aid-Ukraine	US\$	Government	AID	Sep-21	1.47%	-/-	1,000	97.44	2.50	Frankfurt
Ukreximbank	US\$	Government	EXIMUK	Apr-22	9.63%	B-/Caa1	750	100.67	9.23	Dublin
Ukreximbank	US\$	Government	EXIMUK	Feb-23	9.00%	CCC-/Caa2	125	94.13	11.34	Dublin
Ukreximbank	US\$	Government	EXIMUK	Jan-25	9.75%	B-/Caa1	600	100.79	9.53	Dublin
Ferrexpo Finance	US\$	Basic Materials	FXPOLN	Apr-19	10.38%	B+/B/B3	186	100.03	4.76	Dublin
Ferrexpo Finance	US\$	Basic Materials	FXPOLN	Apr-19	10.38%	B+/B/B3	161	100.02	5.69	Dublin
MHP	US\$	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	102.30	5.51	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	101.06	8.97	Dublin
Oschadbank	US\$	Financial	OSCHAD	Mar-25	9.63%	B-/Caa1	500	100.44	9.46	Dublin
Uz Rail Via Shortline	US\$	Industrial	RAILUA	Sep-21	9.88%	B-/CCC+/-	500	99.74	9.84	Dublin

Source: Bloomberg

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