



Weekly Market Watch

Weekly Market Watch | Georgia
December 21, 2020

Economy

Real GDP shrinks 5.6% y/y in 3Q20

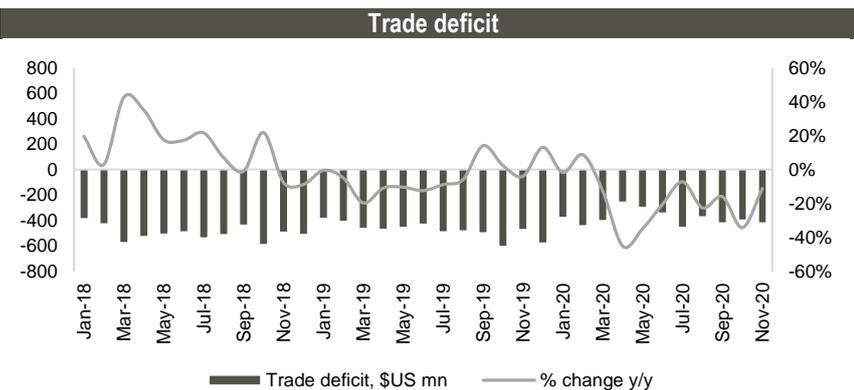
Georgia's real GDP contracted by 5.6% y/y in 3Q20 based on Geostat, revised down from -3.8% y/y rapid estimate figure. In 3Q20, the real growth was positive in the following sectors: mining (+14.7% y/y), healthcare (+6.6% y/y), education (+5.6% y/y), public administration (+4.3% y/y), construction (+2.0% y/y) and agriculture (+1.5% y/y). Meanwhile, largest contraction was reported in tourism-related sectors: accommodation & food services (-53.1% y/y), art & entertainment (-32.4% y/y) and transportation & storage (-25.0% y/y). Overall in 9M20, real GDP growth was down 5.8% y/y.

Trade deficit down 11.2% y/y in November 2020

In November 2020, trade deficit narrowed by 11.2% y/y to US\$ 418.1mn according to Geostat's preliminary figures, as exports decreased by 13.4% y/y to US\$ 301.1mn, while imports fell by 12.1% y/y to US\$ 719.2mn. In 11M20, trade deficit was down 18.9% y/y to US\$ 4.2bn as exports decreased by 11.3% y/y to US\$ 3.0bn and imports were down 15.9% y/y to US\$ 7.2bn. Detailed foreign trade statistics will be available on December 21, 2020.

Money transfers up 12.5% y/y in November 2020

In November 2020, money transfers increased by 12.5% y/y to US\$ 169.9mn, after growing 18.6% y/y in previous month, according to NBG. From major remitting countries, money transfers increased strongly from Italy (+27.7% y/y, 14.9% of total), USA (+35.6% y/y, 11.6% of total) and Greece (+15.4% y/y, 10.8% of total). Meanwhile, remittances declined from Russia (-16.0% y/y, 18.7% of total). Overall, in 11M20 money transfers were up 8.0% y/y to US\$ 1.7bn.



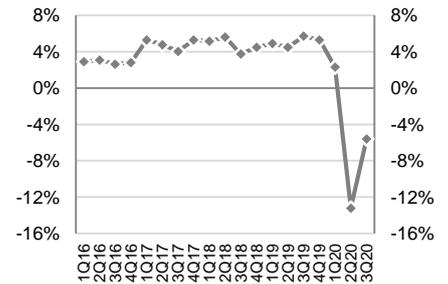
Source: Geostat

Key macro indicators

	2017	2018	2019
GDP (% change)	4.8%	4.8%	5.0%
GDP per capita (ppp)	13,596	14,584	15,634
GDP per capita (US\$)	4,359	4,722	4,696
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.5%	7.0%
Gross reserves (US\$ bn)	3.0	3.3	3.5
CAD (% of GDP)	8.1%	6.8%	5.5%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.1%
Total public debt (% of GDP)	39.4%	38.9%	40.4%

Source: Official data, Galt & Taggart

Real GDP growth, %



Source: Geostat

International ranking, 2019-20

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



Money market

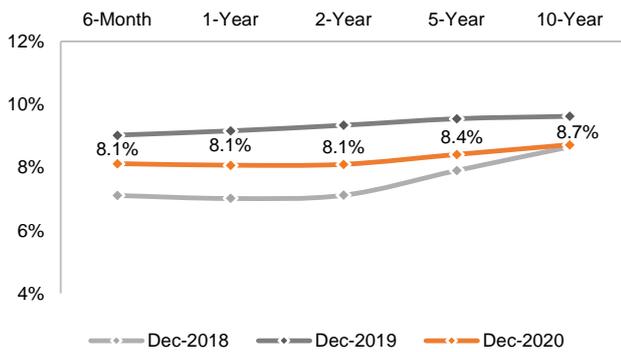
There were no treasury securities auction last week. The nearest treasury security auction is scheduled for December 22, 2020, where GEL 80.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes in 2020

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	350	0	180
1-year	660	0	680
2-year	840	0	1,390
5-year	880	80	2,088
10-year	150	0	1,237
Total	2,880	80	5,575

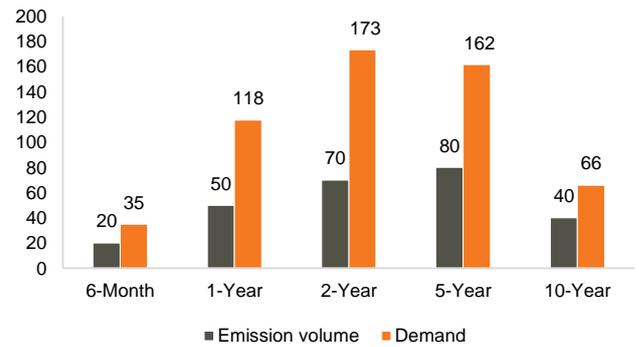
Source: MoF
Note: * As of 31 October 2020

T-bills / T-notes, yield curve



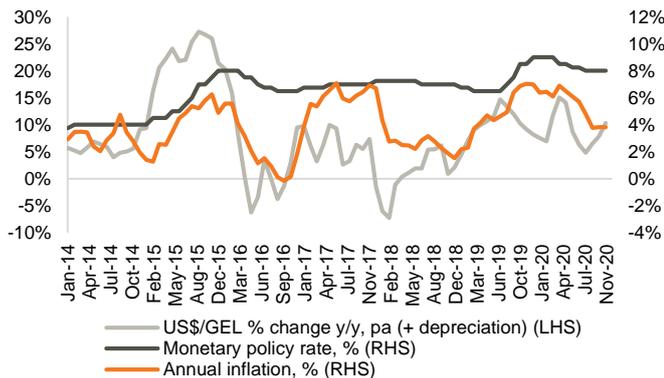
Source: NBG

Emission volume vs. demand on latest T-bill01s / T-notes auctions, GEL mn



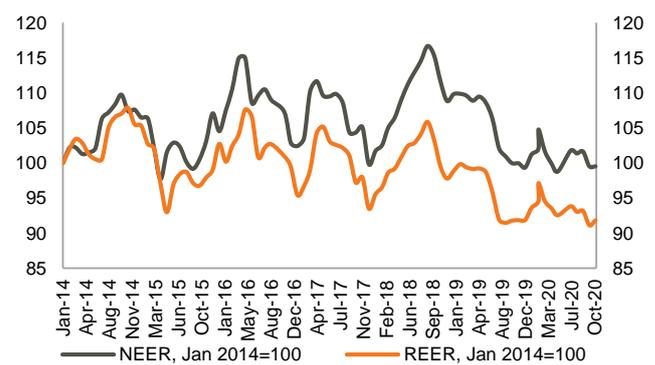
Source: NBG

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

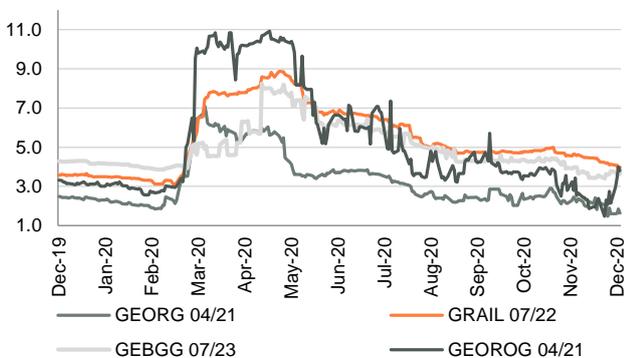
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.63% yield, trading at 105.81 (+0.33% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 100.55 (+0.13% w/w), yielding 5.93%.

GOGC Eurobonds (GEOROG) were trading at 101.09 (-0.56% w/w), yielding 3.51%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.16 (+0.67% w/w), yielding 3.63%.

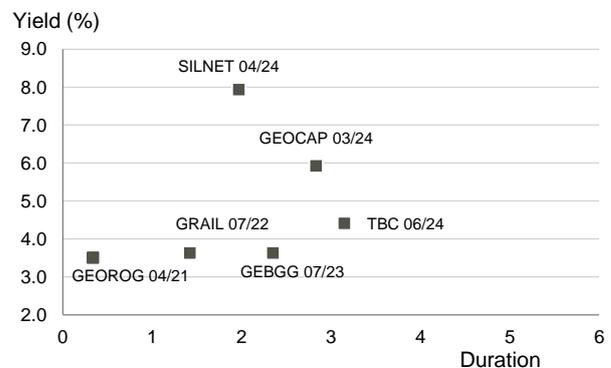
Georgian Sovereign Eurobonds (GEORG) closed at 101.73 (+0.03% w/w) at 1.19% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

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
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	101.73	1.19	95.43
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	106.16	3.63	343.24
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/BB/-	101.09	3.51	328.96
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/B/Ba2	105.81	3.63	340.46
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	105.45	9.19	898.82
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	100.55	5.93	566.76
SILKNET 04/24	US\$	200	11.000%	Apr-24	B-/B1	108.67	7.94	766.77
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B/Ba2	104.29	4.41	412.31
TBC PERP	US\$	125	10.775%	n/a	B-/-/-	103.29	9.59	939.91
GGU 07/25	US\$	250	7.750%	Jul-25	B+/-B/-	102.12	7.20	677.71

Georgian local bonds performance

GWP 12/21	GEL	30	12.50%	Dec-21	BB-/-/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	100.49	7.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.82	7.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-/-	99.99	7.50	n/a
GLC 08/22	US\$	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-/-	100.00	12.00	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/BB+	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	US\$	12	8.00%	Dec-21	-/-/BB+	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	13.25%	Sep-21	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



Fixed income, continued

Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	101.73	1.19	95.43
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.72	1.76	156.79
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	105.15	4.37	416.09
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	111.26	0.86	54.81
Russia	US\$	3,000	4.875%	Sep-23	BBB/BBB-/Baa3	110.17	1.09	85.48
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B2	101.01	1.86	162.60
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/B3	103.94	1.98	178.43

Source: Bloomberg

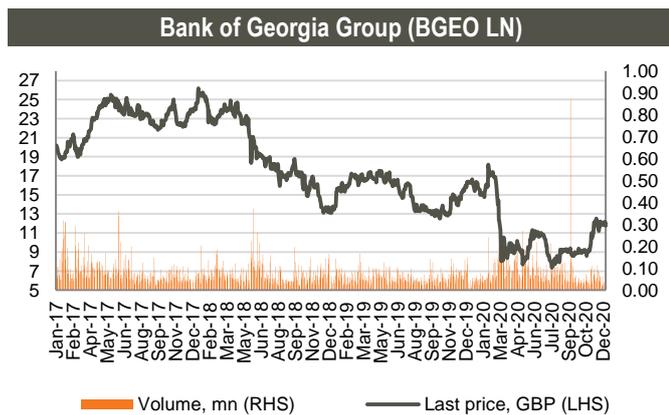


Equities

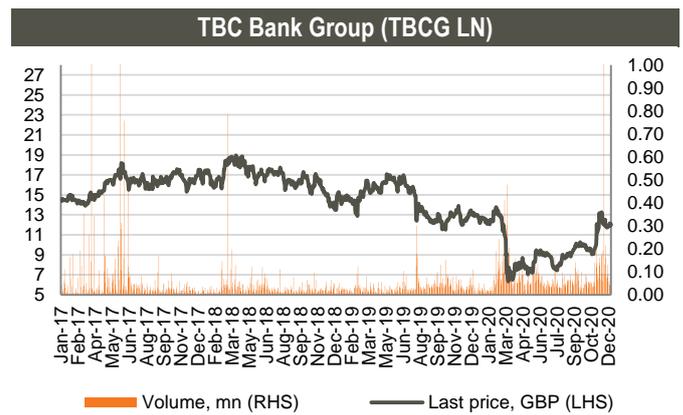
Bank of Georgia Group (BGEO LN) shares closed at GBP 11.74/share (-0.84% w/w and -3.14% m/m). More than 188k shares traded in the range of GBP 11.60 - 12.26/share. Average daily traded volume was 49k in the last 4 weeks. The volume of BGEO shares traded was at 0.38% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 5.02/share (-3.83% w/w and +4.58% m/m). More than 205k shares traded in the range of GBP 4.98 - 5.25/share. Average daily traded volume was 46k in the last 4 weeks. The volume of CGEO shares traded was at 0.56% of its capitalization.

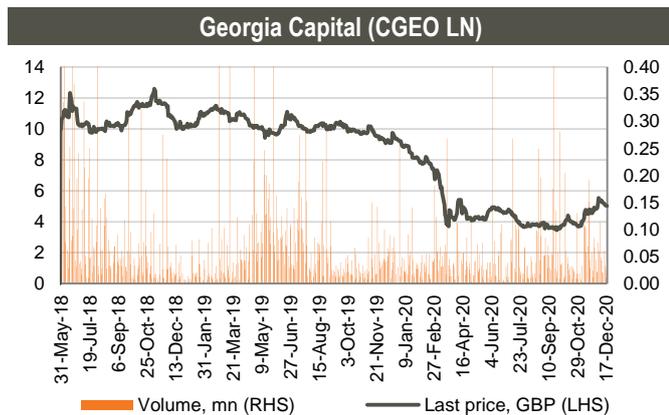
TBC Bank Group (TBCG LN) closed the week at GBP 12.00/share (+0.84% w/w and -8.81% m/m). More than 332k shares changed hands in the range of GBP 11.84 - 12.44/share. Average daily traded volume was 162k in the last 4 weeks. The volume of TBCG shares traded was at 0.60% of its capitalization.



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	11.74	577	6.7%	-26.6%	-27.8%	8.41x	4.95x	0.96x	0.81x
TBC	TBC	GBP	12.00	660	32.9%	-8.0%	-7.7%	6.29x	5.72x	0.98x	0.85x
Halyk Bank	HSBK	US\$	11.30	3,321	-7.0%	-16.0%	-15.4%	4.71x	4.28x	0.91x	0.86x
VTB Bank	VTBR	US\$	0.99	6,412	0.1%	-32.5%	-32.4%	7.35x	3.20x	0.35x	0.33x
Akbank	AKBNK	TRY	6.49	33,748	11.5%	-20.3%	-20.0%	5.72x	4.29x	0.56x	0.49x
Garanti	GARAN	TRY	9.87	41,454	21.4%	-8.3%	-11.4%	5.97x	4.26x	0.65x	0.54x
Isbank	ISCTR	TRY	6.79	30,555	32.1%	10.0%	5.9%	4.61x	3.43x	0.46x	0.41x
PKO	PKO	PLN	28.18	35,225	22.0%	-20.1%	-18.2%	12.65x	12.02x	0.78x	0.75x
PEKAO	PEO	PLN	59.74	15,680	8.2%	-40.4%	-40.5%	12.66x	11.48x	0.62x	0.60x
Millennium	MIL	PLN	3.22	3,904	-3.9%	-43.3%	-45.0%	11.06x	10.25x	0.42x	0.43x
Mbank	MBK	PLN	179.70	7,608	-26.6%	-51.7%	-53.9%	21.77x	16.01x	0.44x	0.44x
BRD	BRD	RON	14.40	10,035	20.0%	-6.5%	-9.1%	12.80x	12.56x	1.13x	1.20x
Banca Transilvania	TLV	RON	2.29	11,944	15.8%	-3.5%	-2.9%	12.84x	11.34x	1.63x	1.58x
OTP	OTPD	USD	22.80	12,768	0.0%	7.5%	7.5%	12.44x	11.26x	0.70x	0.65x
Komercni	KOMB	CZK	644.00	122,392	10.7%	-20.1%	-22.4%	15.31x	13.44x	1.08x	1.04x
Mean								10.31x	8.57x	0.78x	0.73x
Median								11.06x	10.25x	0.70x	0.65x

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	5.02	184	4.1%	-48.5%	-45.6%	n/a	n/a	n/a	n/a
Tinc Comm	TINC	EUR	12.90	352	-1.1%	-3.4%	-3.4%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	10.60	21,628	16.5%	11.3%	11.1%	4.68x	4.09x	0.60x	0.51x
Deutsche Beteiligungs	DBAN	EUR	33.50	504	10.2%	-12.5%	-15.1%	nmf	11.91x	1.19x	1.14x
Eurazeo	RF	EUR	56.90	4,482	18.7%	-6.6%	-6.7%	34.31x	9.37x	0.83x	0.77x
Carlyle Group	CG	USD	30.69	3,397	-0.8%	-0.5%	-4.3%	5.33x	4.54x	5.29x	5.61x
Mean								14.77x	7.48x	1.98x	2.01x
Median								5.33x	6.95x	1.01x	0.96x

Source: Bloomberg, S&P Capital IQ

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