



Regional Fixed Income Market Watch

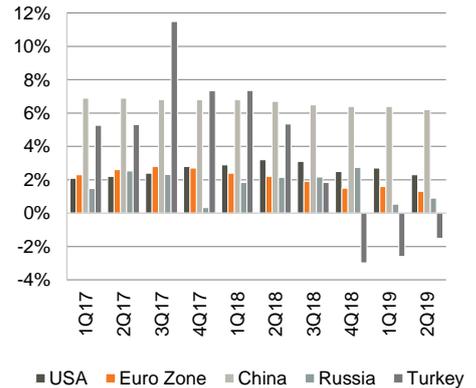
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
Monthly Bulletin
September 20, 2019

Highlights

- US real GDP growth revised down to an annualized 2.0% (second estimate) in 2Q19, from an annualized 2.1% (advance estimate). Unemployment rate was 3.7% in August 2019, unchanged since June 2019.
- In 2Q19, real GDP increased by 1.2% and by 1.4% in the EU19 and the EU28, respectively. In July 2019, unemployment rate was 6.3% and 7.5% in the EU19 and the EU28, respectively.
- Turkish economy contracted by 1.5% y/y in 2Q19 after falling 2.6% y/y in 1Q19.
- In July 2019, economic growth was 8.1% y/y in Armenia, 6.1% y/y in Georgia, 5.1% y/y in Kazakhstan and 2.6% y/y in Russia, based on preliminary data. In 1H19, real GDP growth was 2.5% y/y in Azerbaijan and 1.3% y/y in Belarus.
- Annual inflation in the US was 1.7% in August 2019, down from 1.8% in previous month. Based on the Eurostat flash estimate, annual inflation in EU19 was 1.0% in August 2019, unchanged from the previous month.
- In August 2019, annual inflation was above the target level in Russia (4.3%), Georgia (4.9%), Belarus (5.7%), Ukraine (8.8%) and Turkey (15.0%); inflation was within the target range in Kazakhstan (5.5%), and below the target in Armenia (0.6%). Annual inflation was 2.4% in Azerbaijan in August 2019.
- As of 17 September 2019, monetary policy rate increased by 0.25bp to 9.25% in Kazakhstan and by 0.5bp to 7.0% in Georgia, while it was cut by 0.25bp to 5.5% in Armenia, to 7.0% in Russia and to 8.0% in Azerbaijan, by 0.50bp to 16.5% in Ukraine and by 3.25bp to 16.5% in Turkey. The key rate has remained unchanged in Belarus.
- As of 17 September 2019, Fitch upgraded Ukraine's rating to B from B- with a positive outlook and Moody's upgraded Armenia's rating to Ba3 from B1 with a 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		
	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F
Armenia	5.2%	4.6%	4.5%	12.4	13.5	14.1	4,186	4,533	4,764	2.5%	2.1%	3.0%	-1.8%	-2.5%	-2.1%	-9.4%	-7.3%	-7.3%
Azerbaijan	1.4%	2.7%	2.1%	46.9	45.2	47.4	4,569	4,498	4,659	2.3%	3.2%	3.3%	5.6%	5.8%	5.1%	12.9%	10.4%	10.9%
Belarus	3.0%	1.8%	2.2%	59.7	61.0	63.7	6,306	6,477	6,799	4.9%	5.0%	5.0%	2.3%	-2.0%	-1.7%	-0.4%	-4.0%	-2.3%
Georgia	4.7%	4.6%	4.8%	16.2	16.6	18.1	4,346	4,500	4,900	2.6%	3.8%	3.2%	-0.9%	-1.9%	-2.0%	-7.7%	-7.5%	-7.3%
Kazakhstan	4.1%	3.2%	3.2%	172.8	164.2	177.3	9,237	8,764	9,325	6.0%	5.5%	5.0%	0.5%	1.4%	1.7%	0.0%	0.1%	0.6%
Ukraine	3.3%	2.7%	3.0%	130.7	134.9	147.2	2,963	3,221	3,528	10.9%	8.0%	5.9%	-2.3%	-2.3%	-2.3%	-3.3%	-2.5%	-2.4%
Russia	2.3%	1.4%	1.7%	1,651.0	1,610.4	1,667.5	11,327	11,191	11,597	2.9%	5.0%	4.5%	2.8%	1.0%	0.8%	6.9%	5.7%	5.1%
Turkey	2.6%	-2.5%	2.5%	784.0	706.2	809.6	9,346	8,507	9,633	16.3%	17.5%	14.1%	-3.6%	-3.1%	-3.5%	-3.5%	0.7%	-0.4%

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	Ba3	Ba3	stable	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-	positive
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	positive	BBB-	BBB-	stable
Ukraine	B	B	positive	Caa1	Caa1	stable	B-	B-	stable
Russia	BBB	BBB	stable	Baa3	Baa3	stable	BBB	BBB-	stable
Turkey	BB-	BB-	negative	B1	B1	negative	BB-	B+	stable

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

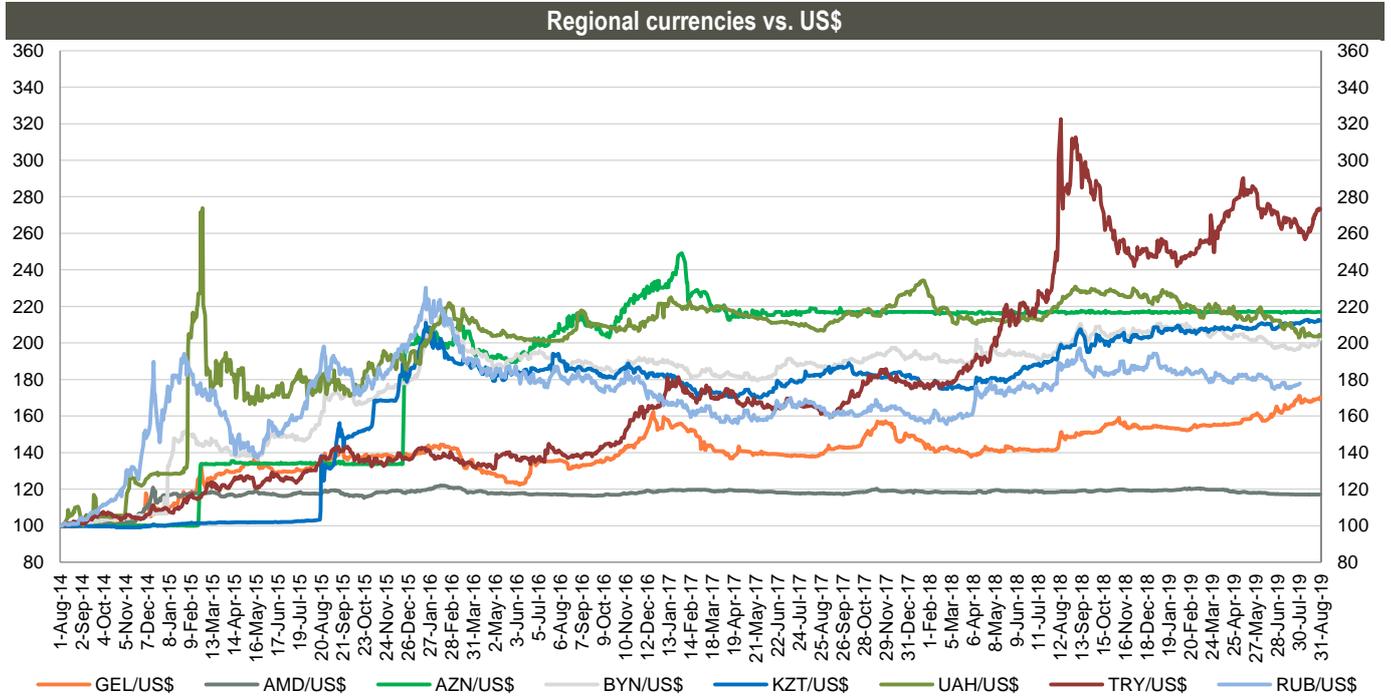
Monetary stance

	Inflation, y/y		MPR
	Aug-19	Latest-19	
Armenia	0.6%	5.50%	
Azerbaijan	2.4%	8.00%	
Belarus	5.7%	9.50%	
Georgia	4.9%	7.00%	
Kazakhstan	5.5%	9.25%	
Ukraine	8.8%	16.5%	
Russia	4.3%	7.00%	
Turkey	15.0%	16.5%	

Source: Central banks, Statistics Offices

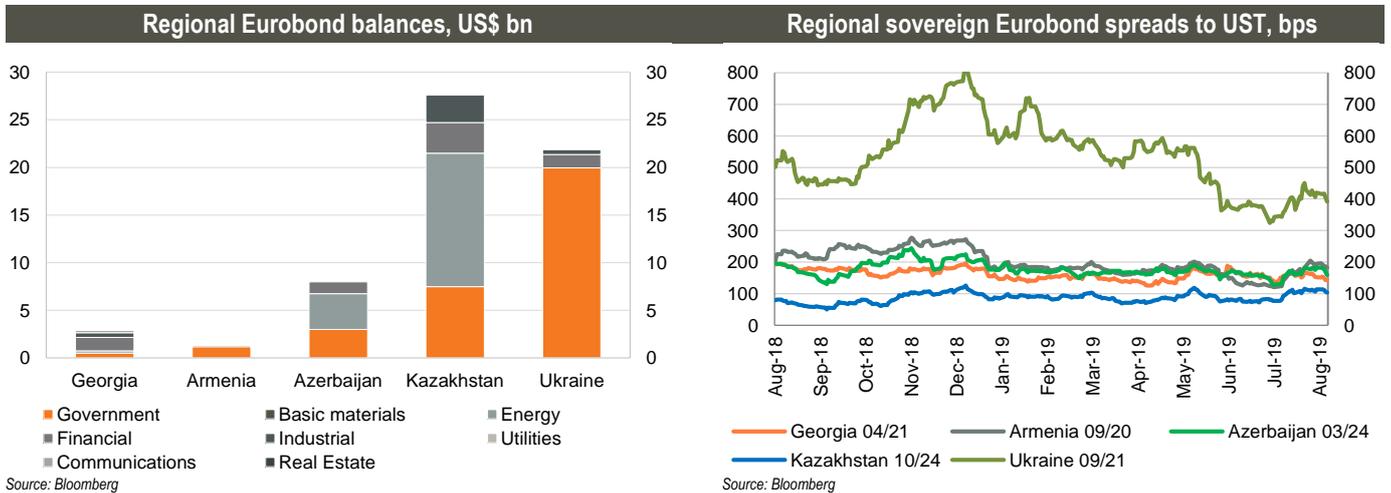


Eurobonds

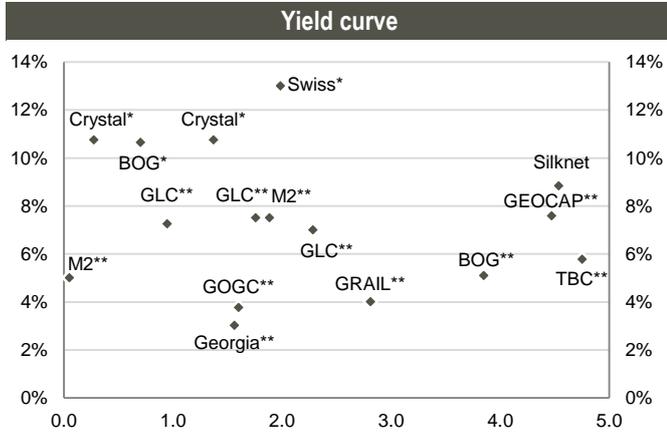


Source: Bloomberg

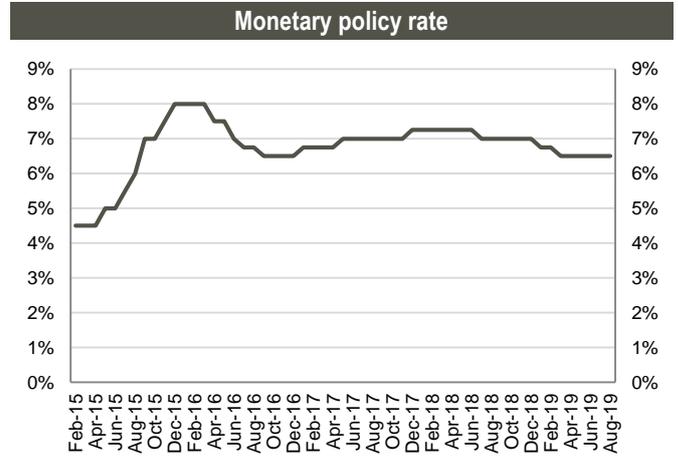
Note: National currency per US\$; Index growth means depreciation of the local currency, index decline means appreciation of the local currency; Aug-2014=100



Snapshot: Georgia

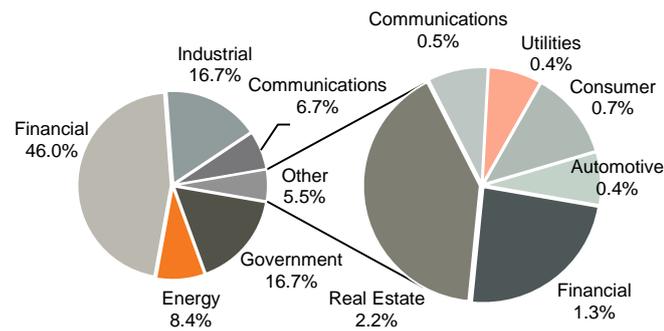


Remaining maturity
*In GEL; **In US\$
Source: Bloomberg, Galt & Taggart



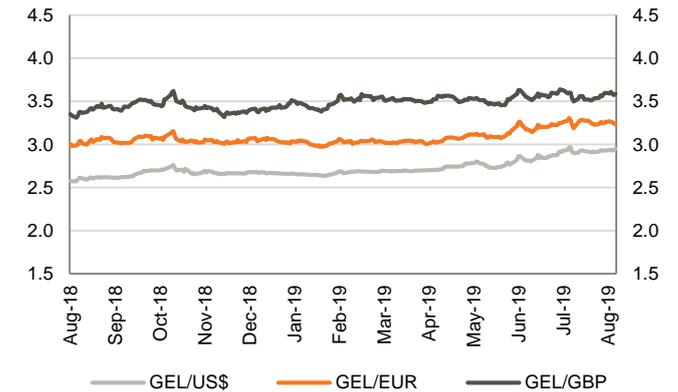
Source: National Bank of Georgia

Bond universe by sector (US\$ 3.0bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



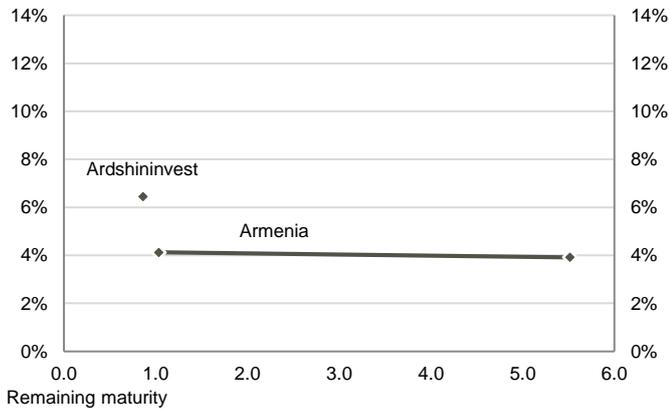
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's/Scope)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB/BB-/Ba2/-	500	105.81	3.02	London
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	109.80	4.01	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB/B+/-/-	250	104.57	3.77	London
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/Ba2/-	500	100.19	10.65	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/Ba2/-	350	103.11	5.10	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	N/A	11.13%	B-/-/-	100	103.87	10.21	Dublin
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-B+/B2/-	300	94.56	7.58	Dublin
Silknet	US\$	Communications	SILNET	Apr-24	11.00%	B+/-B1/-	200	107.92	8.84	Dublin
TBC Bank	US\$	Financial	TBCBGE	Jun-24	5.75%	BB-/Ba2/-	300	99.86	5.78	Dublin
TBC Bank	US\$	Financial	TBCBGE	N/A	10.78%	B-/-/-	125	101.70	10.57	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	N/A	N/A	Georgia
M2 Commercial Assets	US\$	Real Estate	\$M2C01L	Dec-21	7.50%	-/-/-	30	101.05	7.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-	10	100.57	6.38	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-	5	98.76	7.25	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC04L	Aug-21	7.50%	B+/-/-	10	100.33	7.38	Georgia
Nikora Trade	GEL	Consumer	#NKR02L	Aug-21	10.50%	-/-/B+	25	N/A	N/A	Georgia
Silknet	GEL	Communications	#SLK01M	Aug-22	10.00%	B+/-B1/-	34	N/A	N/A	Georgia
MFO Crystal	GEL	Financial	#CRS01J	Dec-19	11.00%	B-/-/-	10	100.07	10.75	Georgia
MFO Crystal	GEL	Financial	#CRS02L	Feb-21	10.50%	B-/-/-	15	99.68	10.75	Georgia
MFO Swiss Capital	GEL	Financial	N/A	Sep-21	12.75%	B-/-/-	10	100.00	13.00	Not Listed
Georgian Beer Company	GEL	Consumer	#GBC01N	Dec-23	10.50%	-/-/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
Tegeta 04/22	GEL	Automotive	N/A	Apr-22	10.75%	-/-/BB-	30	N/A	N/A	N/A

Source: Bloomberg, Galt & Taggart

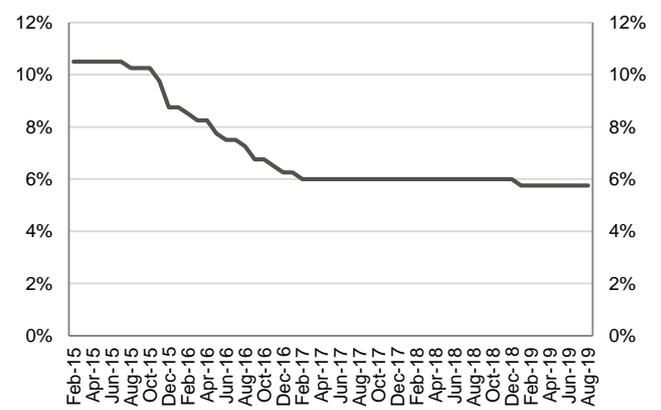
Snapshot: Armenia

Yield curve



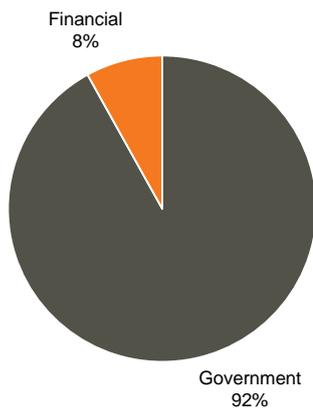
Source: Bloomberg

Monetary policy rate



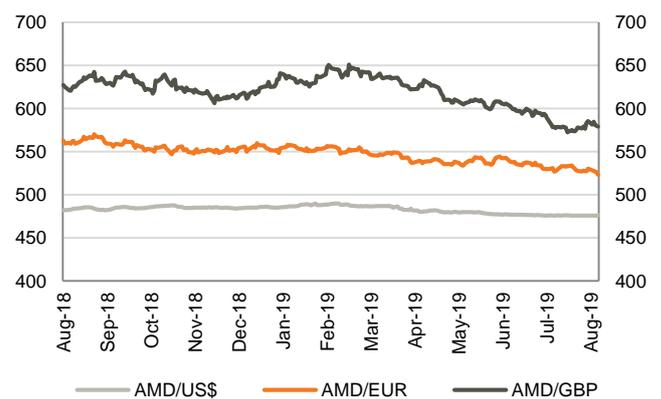
Source: Central Bank of Armenia

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



Source: Bloomberg

Foreign exchange rates



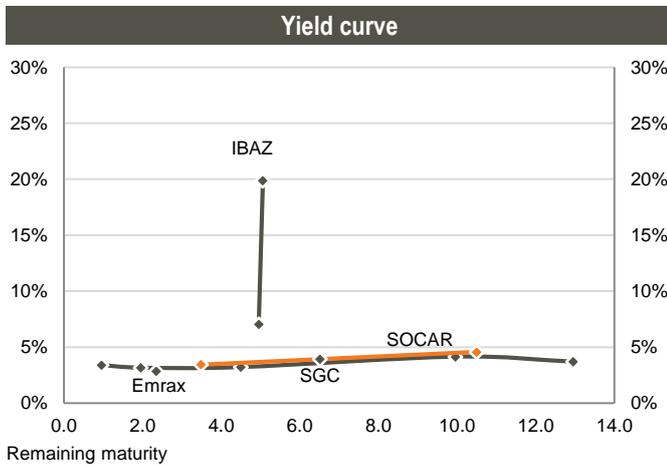
Source: Bloomberg

Bond performance

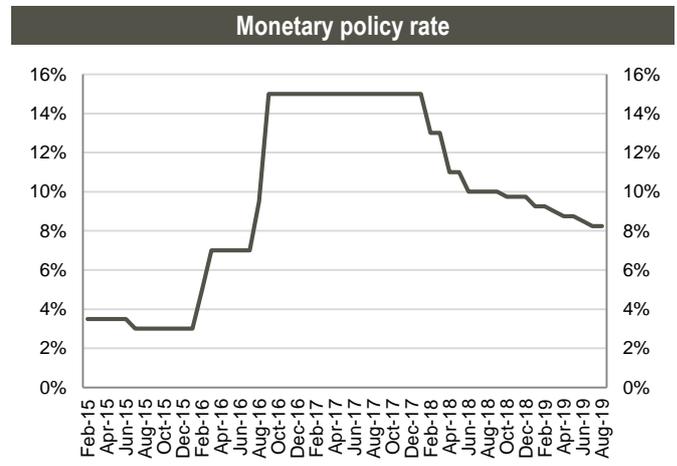
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Armenia	USD	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	103.39	2.61	Dublin
Republic Of Armenia	USD	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	115.88	3.92	Dublin
Ardshinvestbk	USD	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	104.50	6.45	Dublin
Armswissbank	USD	Financial	ARMSWI	Apr-20	8.50%	-/-/-	5	N/A	N/A	Armenia

Source: Bloomberg

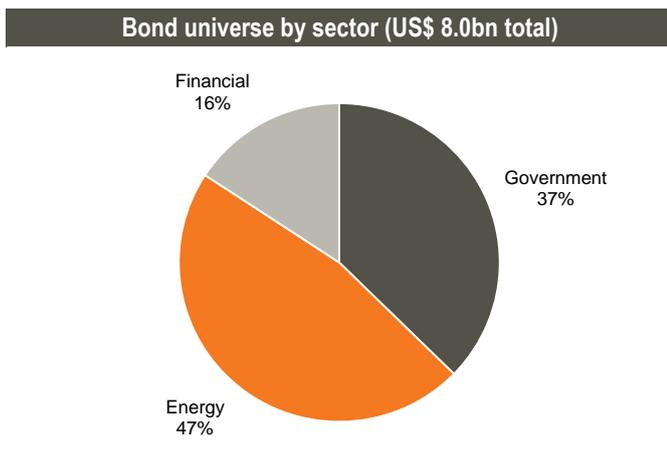
Snapshot: Azerbaijan



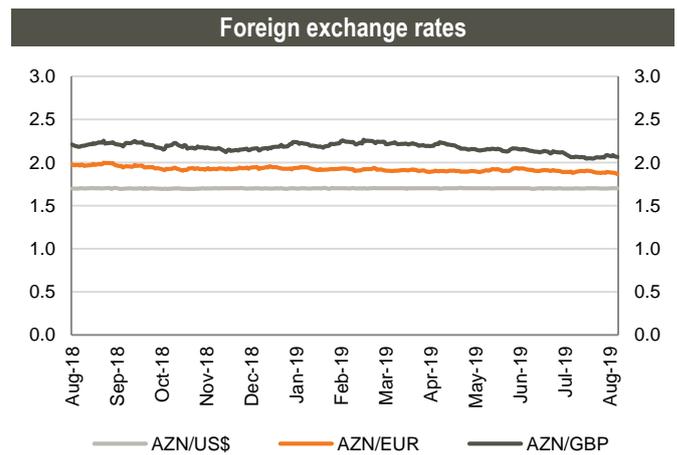
Source: Bloomberg



Source: Central Bank of Azerbaijan



Source: Bloomberg



Source: Bloomberg

Bond performance

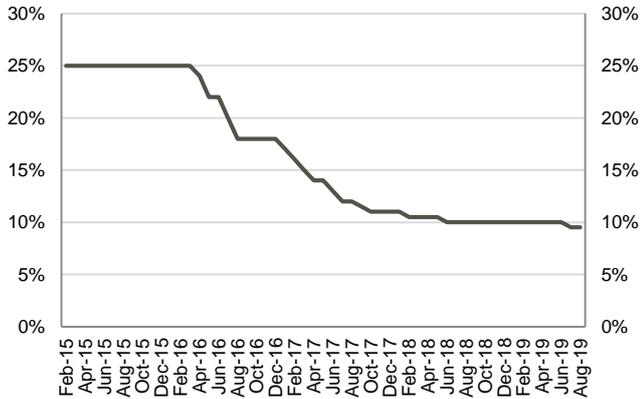
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	99.47	3.40	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	99.37	3.16	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	106.39	3.21	Stuttgart
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	107.95	4.14	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	98.01	3.69	Not Listed
Southern Gas Corridor	USD	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	116.68	3.94	Dublin
SOCAR	USD	Energy	SOIAZ	Mar-23	4.75%	BB+/BB-/Ba2	1,000	104.24	3.45	London
SOCAR	USD	Energy	SOIAZ	Mar-30	6.95%	BB+/BB-/NR	750	119.73	4.56	London
Emraxbank	USD	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	113.84	2.84	Baku
IBAZ	USD	Financial	IBAZAZ	Sep-24	3.50%	B-/-	1,000	85.50	7.03	Not Listed
IBAZ	USD	Financial	IBAZAZ	Oct-24	8.25%	-/-/WR	250	63.36	19.86	Dublin

Source: Bloomberg



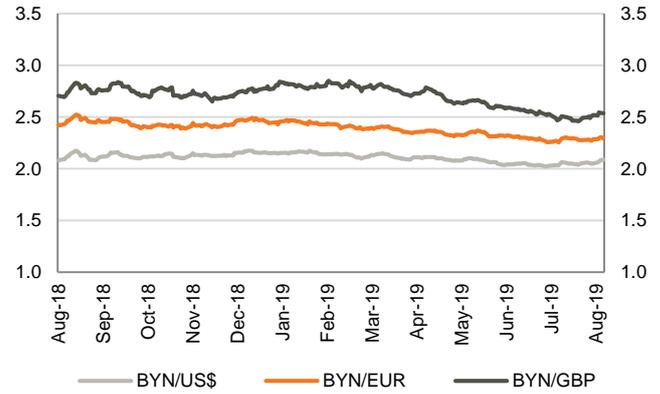
Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

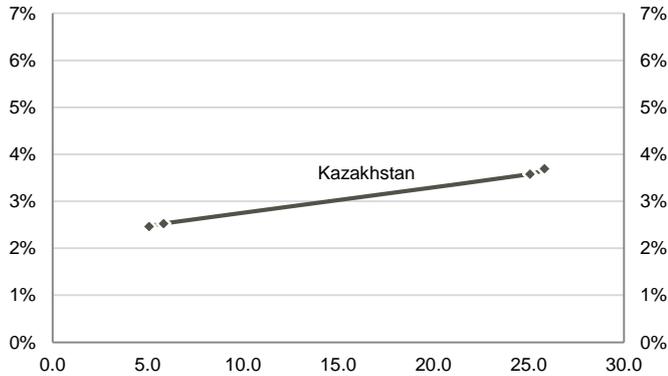
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Belarus	USD	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	106.83	4.70	Dublin
Republic Of Belarus	USD	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	112.75	5.58	Dublin
Republic Of Belarus	USD	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	105.47	5.50	Dublin

Source: Bloomberg

Snapshot: Kazakhstan

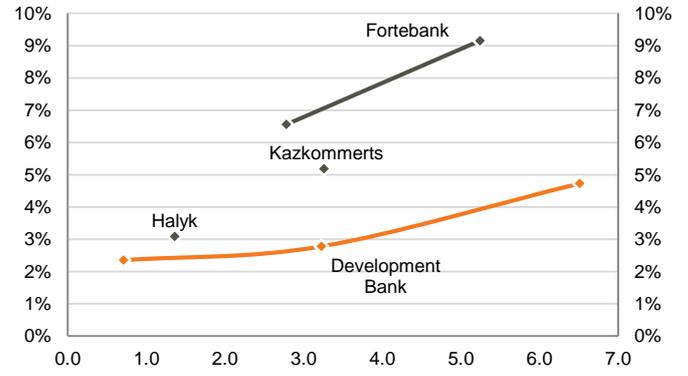
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

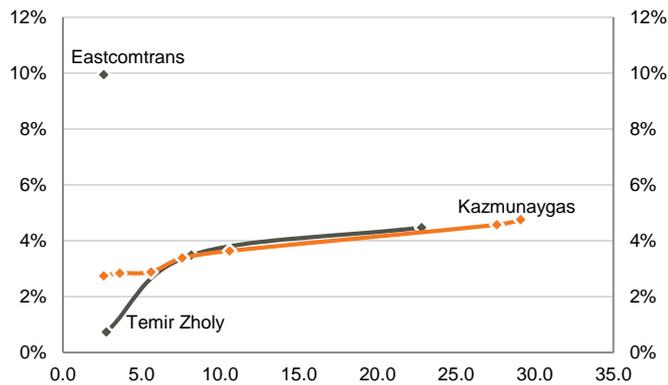
Yield curve (banks)



Remaining maturity

Source: Bloomberg

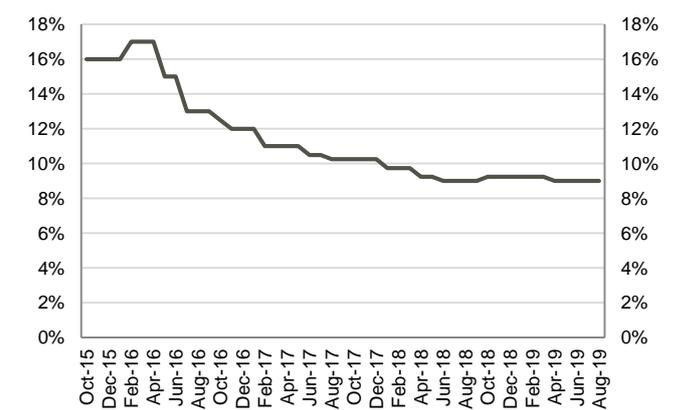
Yield curve (other sectors)



Remaining maturity

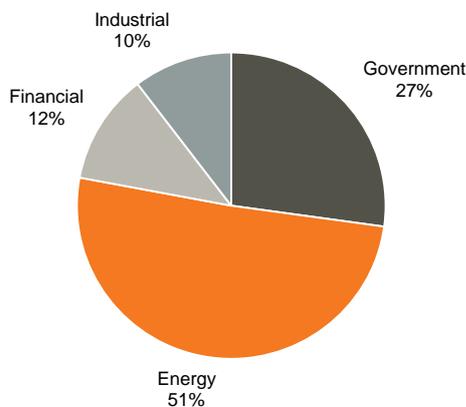
Source: Bloomberg

Monetary policy rate



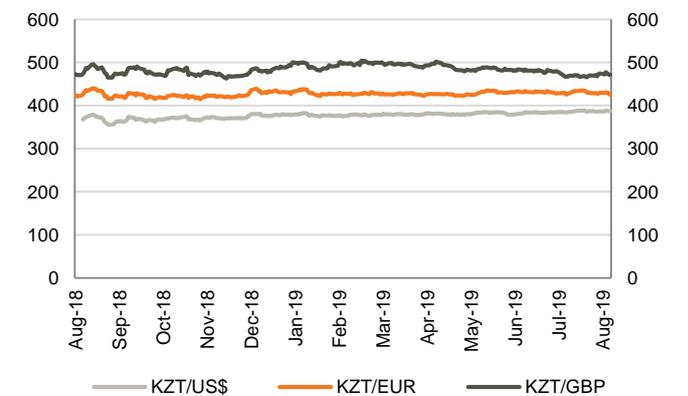
Source: National Bank of Kazakhstan

Bond universe by sector (US\$ 27.6bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



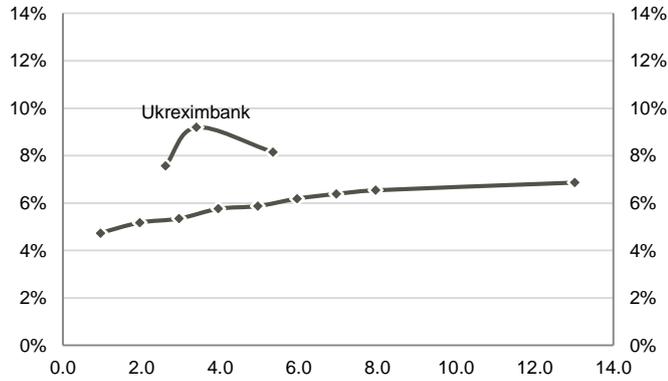
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Kazakhstan	USD	Government	KZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	106.67	2.46	London
Republic Of Kazakhstan	USD	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	114.00	2.53	London
Republic Of Kazakhstan	USD	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	121.32	3.58	London
Republic Of Kazakhstan	USD	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	146.48	3.69	London
Kazagro Natl Mgmt Hldg	USD	Government	KAZNMH	May-23	4.63%	WD/NR/WR	1,000	N/A	N/A	Dublin
Kazmunaygas National Co	USD	Energy	KZOKZ	May-20	7.00%	WD/BB/WR	1,500	N/A	N/A	Frankfurt
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-21	6.38%	WD/BB/WR	1,250	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-22	3.88%	BBB-/BB/Baa3	500	102.79	2.74	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	105.34	2.83	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-25	4.75%	BBB-/B/Baa3	500	109.60	2.88	London
Kazmunaygas National Co	USD	Energy	KZOKZ	May-25	4.88%	BBB-/BB/Baa3	500	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-27	4.75%	BBB-/BB/Baa3	1,000	109.05	3.38	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-30	5.38%	BBB-/B/Baa3	1,250	115.16	3.64	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-43	5.75%	WD/BB/WR	2,000	N/A	N/A	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Nov-44	6.00%	WD/NR/WR	1,000	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	118.35	4.57	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Oct-48	6.38%	BBB-/B/Baa3	1,500	125.44	4.75	London
Kaztransgas	USD	Energy	KZTGKZ	Sep-27	4.38%	BBB-/B/Baa3	750	105.58	3.57	Dublin
Development Bank Of Kaz.	USD	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	102.84	2.35	Kazakhstan
Development Bank Of Kaz.	USD	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	104.11	2.78	London
Development Bank Of Kaz.	USD	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	107.04	4.73	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Jun-22	14.00%	NR/B+/-	61	118.53	6.56	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Dec-24	11.75%	B/B+/-	237	110.59	9.15	Kazakhstan
Halyk Savings Bank-Kaz.	USD	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Ba3	500	105.44	3.09	London
Halyk Bank	USD	Financial	HSBKKZ	Dec-22	5.50%	BB/BB/-	750	100.92	5.19	Kazakhstan
Eastcomtrans Llp	USD	Industrial	EASTCM	Apr-22	8.00%	WD-/B3	100	95.66	9.94	London
Kazakhstan Temir Zholy	USD	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	107.88	0.72	Zurich
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Nov-27	4.85%	BBB-/B/Baa3	780	109.66	3.48	Dublin
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Jul-42	6.95%	BBB-/BB-/Baa3	1,100	135.28	4.47	London

Source: Bloomberg

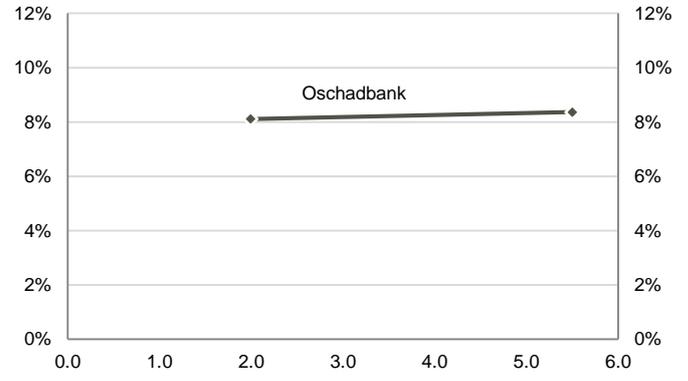
Snapshot: Ukraine

Yield curve (sovereign)



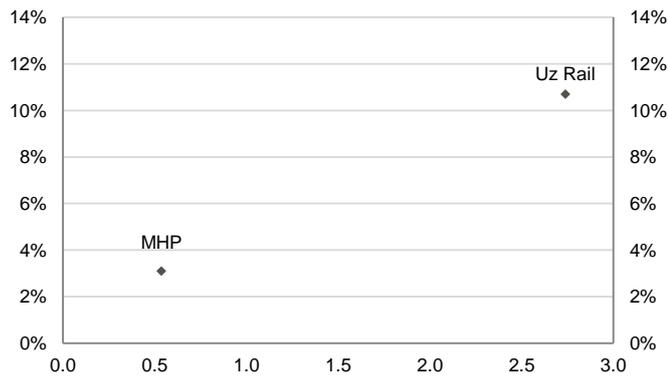
Remaining maturity
Source: Bloomberg

Yield curve (banks)



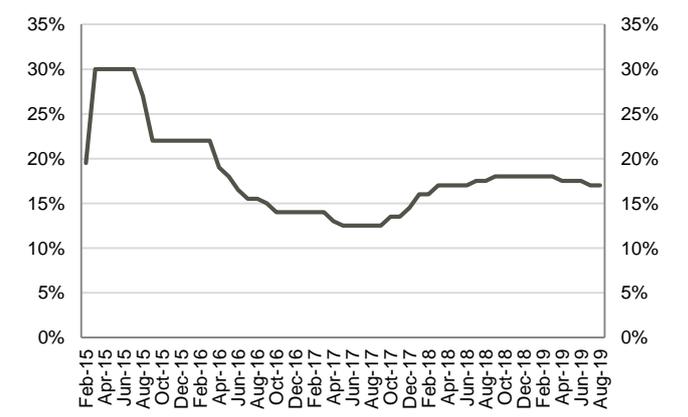
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



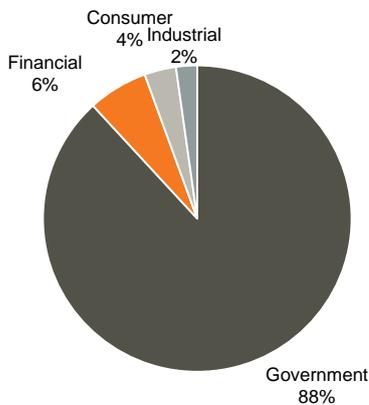
Remaining maturity
Source: Bloomberg

Monetary policy rate



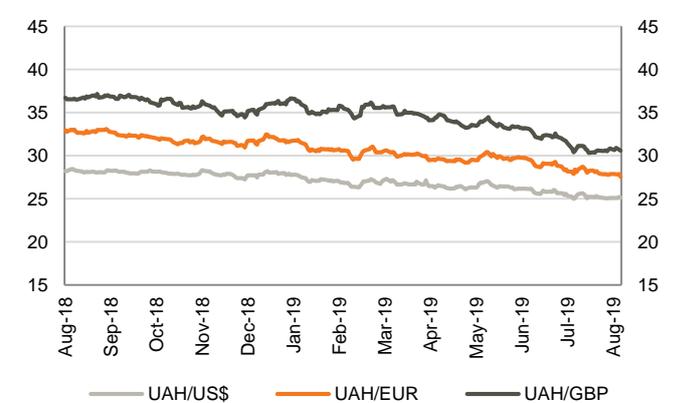
Source: National Bank of Ukraine

Bond universe by sector (US\$ 22.6bn 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)	Mid price	YTM Mid	Exchange
Ukraine Government	USD	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	102.73	4.73	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	104.69	5.18	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	106.46	5.34	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	106.92	5.76	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	107.94	5.87	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	107.65	6.19	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	107.52	6.39	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	107.37	6.54	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-32	7.38%	B-/B-/	3,000	104.30	6.87	Dublin
Ukraine Government	USD	Government	UKRAIN	May-40	0.00%	-/B-/	3,239	95.94	N/A	Dublin
Aid-Ukraine	USD	Government	AID	Sep-21	1.47%	-/-	1,000	99.45	1.75	Frankfurt
Ukreximbank	USD	Government	EXIMUK	Apr-22	9.63%	B-/-/Caa1	750	104.76	7.57	Dublin
Ukreximbank	USD	Government	EXIMUK	Feb-23	9.77%	CCC-/Caa2	125	99.62	9.20	Dublin
Ukreximbank	USD	Government	EXIMUK	Jan-25	9.75%	B-/-/Caa1	600	106.78	8.15	Dublin
MHP	USD	Consumer	MHPSA	Apr-20	8.25%	B/B-/	750	102.66	3.09	Dublin
Privatbank	USD	Financial	PRBANK	Feb-21	11.00%	-/-	220	N/A	N/A	Zurich
Oschadbank	USD	Financial	OSCHAD	Mar-23	9.38%	B-/-/Caa1	700	104.89	7.74	Dublin
Oschadbank	USD	Financial	OSCHAD	Mar-25	9.63%	B-/-/Caa1	500	105.46	8.36	Dublin
Uz Rail Via Shortline	USD	Industrial	RAILUA	Sep-21	9.88%	B-/B-/	500	103.16	8.11	Dublin

Source: Bloomberg



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