



# Weekly Market Watch

Weekly Market Watch | Georgia  
July 19, 2021

## Economy

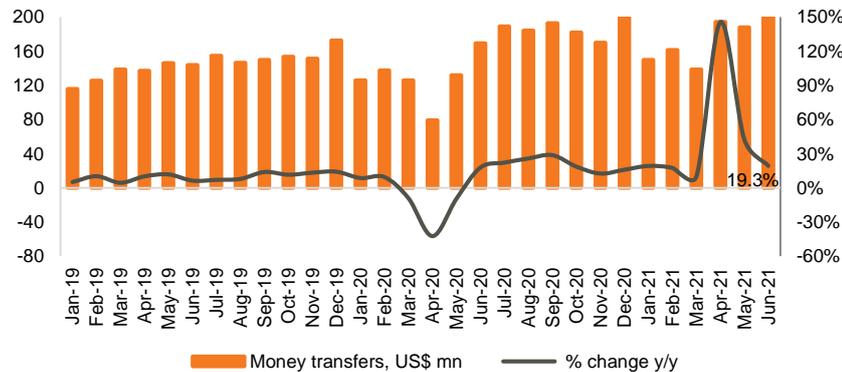
### Exports up by 30.4% y/y in June 2021

In June 2021, exports increased by 30.4% y/y to US\$ 349.3mn after a 45.0% y/y growth in previous month (notably, exports were up by 12.5% compared to June 2019). Imports also increased by 37.6% y/y to US\$ 837.0mn, after growing 41.2% y/y in previous month (notably, imports were up 13.3% compared June 2019). As a result, trade deficit widened by 43.2% y/y to US\$ 487.7mn in June. Overall, in 1H21, trade deficit was up by 15.3% y/y to US\$ 2.4bn, as exports increased by 25.5% y/y to US\$ 1.9bn (up 5.5% compared to 1H19) and imports increased by 19.5% y/y to US\$ 4.3bn (down 1.5% compared to 1H19).

### Money transfers up by 19.3% y/y in June 2021

In June 2021, money transfers increased by 19.3% y/y to a record high of US\$ 201.9mn, after growing 42.4% y/y in previous month, according to NBG. Notably, remittances were significantly up by 40.6% compared to June 2019 level. From major remitting countries, money transfers increased strongly from Russia (+20.0% y/y, 19.4% of total), Italy (+18.3% y/y, 15.7% of total), USA (+24.6% y/y, 12.4% of total) and Israel (+12.8% y/y, 7.7% of total). Overall, in 1H21 money transfers were up 40.8% y/y to US\$ 1.1bn (+34.4% compared to 1H19).

### Remittances in Georgia



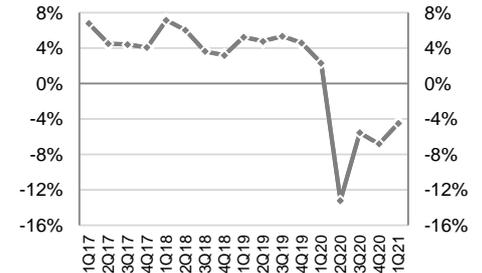
Source: NBG

### 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

 <b>BB</b> Negative Affirmed Feb-2021	 <b>Ba2</b> Stable Affirmed May-2021	 <b>BB</b> Negative Affirmed Feb-2021
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Source: Rating agencies

# Money market

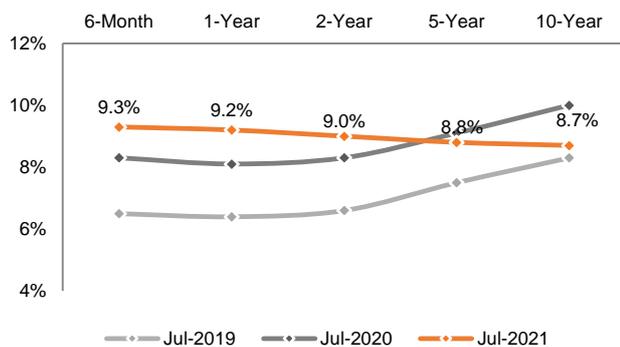
**Ministry of Finance T-Bills:** 1-year GEL 15.0mn (US\$ 4.8mn) T-Bills were sold at the auction held at NBG on July 13, 2021. Total demand was 3.5x higher and the weighted average yield was fixed at 9.008%, down by 0.145ppts from previous auction held in June, 2021. The nearest treasury security auction is scheduled for July 20, 2021, where GEL 25.0mn nominal value 10-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	75	90	60
1-year	75	90	360
2-year	100	120	1,310
5-year	221	210	2,412
10-year	44	50	1,281
<b>Total</b>	<b>515</b>	<b>560</b>	<b>5,422</b>

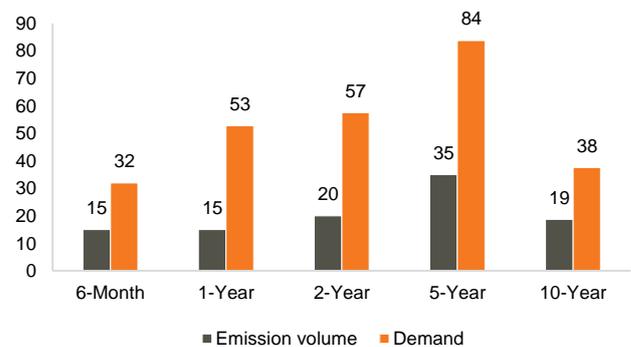
Source: MoF  
Note: \* As of 30 June 2021

## T-bills / T-notes, yield curve



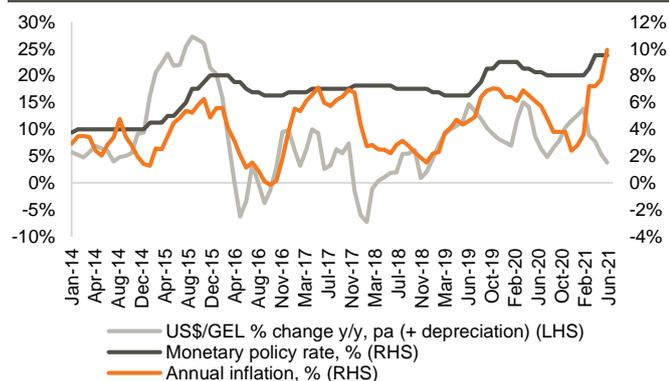
Source: NBG

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



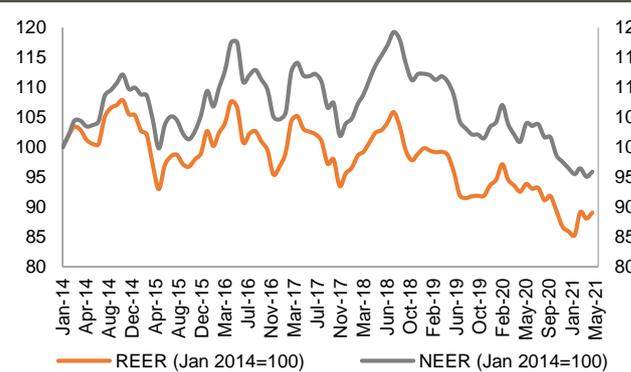
Source: NBG

## Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

## 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



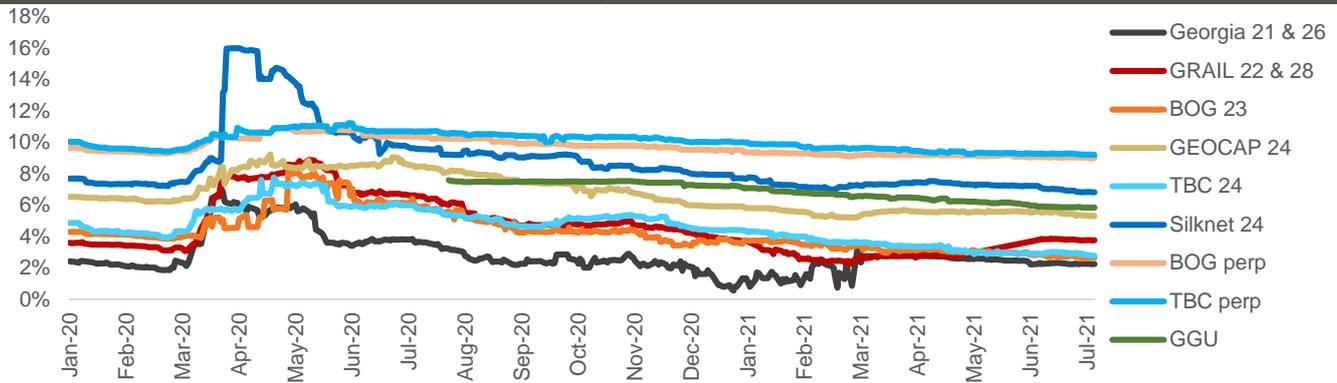
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 2.65% yield, trading at 106.54 (-0.18% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.95 (+0.06% w/w), yielding 5.32%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.43 (-0.01% w/w), yielding 3.76%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 102.23 (+0.05% w/w) at 2.25% yield to maturity.

Georgian Eurobonds, YTM



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
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	102.23	2.25	142.55
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.43	3.76	272.42
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.54	2.65	233.88
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.69	8.98	653.36
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	101.95	5.32	487.37
SILKNET 04/24	USD	200	11.000%	Apr-24	B/-B1	110.15	6.81	380.85
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.27	2.78	226.79
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.80	9.19	639.77
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.77	5.84	448.05

#### 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/Ba2	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

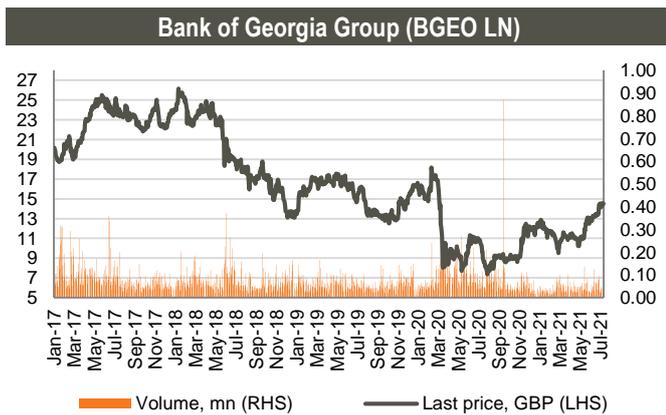
Source: Bloomberg

## Equities

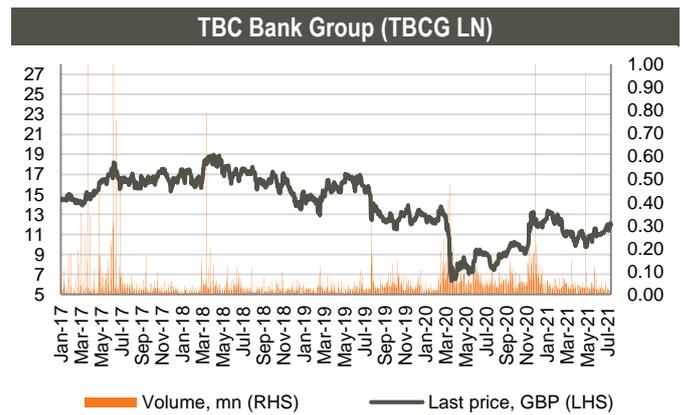
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 14.52/share (unchanged w/w and +9.17% m/m). More than 161k shares traded in the range of GBP 14.18 - 14.76/share. Average daily traded volume was 46k in the last 4 weeks. The volume of BGEO shares traded was at 0.33% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 6.43/share (-5.44% w/w and +2.88% m/m). More than 86k shares traded in the range of GBP 6.40 - 6.72/share. Average daily traded volume was 46k in the last 4 weeks. The volume of CGEO shares traded was at 0.18% of its capitalization.

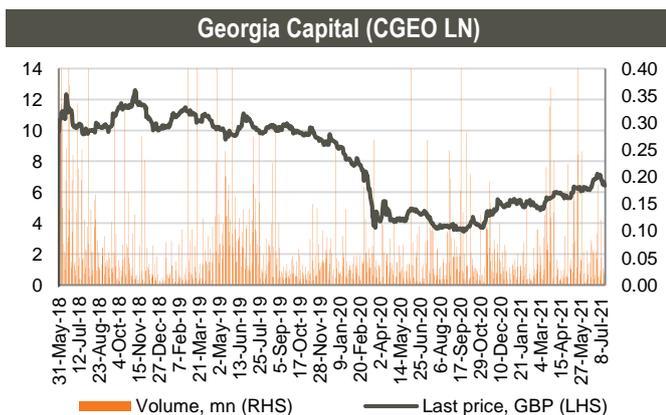
**TBC Bank Group (TBCG LN)** closed the week at GBP 11.92/share (+4.93% w/w and +8.96% m/m). More than 96k shares changed hands in the range of GBP 11.24 - 12.20/share. Average daily traded volume was 23k in the last 4 weeks. The volume of TBCG shares traded was at 0.17% of its capitalization.



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	
								2021F	2022F	2021F	2022F
Bank of Georgia	BGEO	GBP	14.52	714	21.4%	50.8%	19.0%	5.56x	4.69x	1.13x	0.97x
TBC	TBC	GBP	11.92	657	-8.9%	44.5%	-4.6%	4.75x	4.11x	0.83x	0.73x
Sberbank	SBER	USD	16.15	87,157	7.0%	36.2%	11.2%	6.26x	5.88x	1.12x	1.02x
Halyk Bank	HSBK	USD	15.00	4,408	13.6%	23.0%	28.8%	4.66x	4.54x	1.10x	1.05x
VTB Bank	VTBR	USD	1.25	8,100	21.5%	35.3%	31.0%	3.13x	3.11x	0.45x	0.38x
Akbank	AKBNK	TRY	5.24	27,248	-24.2%	-10.6%	-24.4%	3.78x	2.65x	0.41x	0.36x
Garanti	GARAN	TRY	8.35	35,070	-16.7%	4.6%	-19.5%	4.22x	2.93x	0.52x	0.44x
Isbank	ISCTR	TRY	5.20	23,400	-24.1%	-3.0%	-25.7%	2.98x	2.16x	0.33x	0.29x
PKO	PKO	PLN	37.22	46,525	21.6%	55.7%	29.6%	10.51x	10.02x	1.08x	1.03x
PEKAO	PEO	PLN	93.00	24,410	40.5%	65.2%	52.2%	13.76x	10.79x	0.95x	0.91x
Millennium	MIL	PLN	4.54	5,510	15.3%	47.9%	38.9%	7.09x	6.05x	0.69x	0.68x
Mbank	MBK	PLN	300.60	12,736	46.9%	39.2%	67.7%	9.09x	9.12x	0.78x	0.74x
BRD	BRD	RON	17.92	12,488	18.7%	52.9%	20.6%	11.83x	10.44x	1.33x	1.29x
Banca Transilvania	TLV	RON	2.79	16,008	22.1%	46.1%	24.0%	10.30x	9.27x	1.56x	1.45x
OTP	OTPD	USD	22.00	12,320	-3.5%	-3.5%	-3.5%	8.94x	8.23x	0.63x	0.57x
Komercni	KOMB	CZK	773.00	146,908	10.3%	33.7%	17.7%	15.12x	12.53x	1.22x	1.21x
<b>Mean</b>								<b>7.62x</b>	<b>6.66x</b>	<b>0.88x</b>	<b>0.82x</b>
<b>Median</b>								<b>6.67x</b>	<b>5.96x</b>	<b>0.89x</b>	<b>0.82x</b>

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	
								2021F	2022F	2021F	2022F
Georgia Capital	CGEO	GBP	6.43	308	18.2%	53.1%	19.1%	na	na	na	na
Tinc Comm	TINC	EUR	12.52	455	-2.2%	-6.6%	-3.3%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.99	18,343	-20.4%	-4.4%	-21.6%	3.45x	2.85x	0.43x	0.35x
Deutsche Beteiligungs	DBAN	EUR	34.60	521	3.1%	25.7%	11.1%	6.25x	7.26x	1.08x	0.99x
Eurazeo	RF	EUR	74.35	5,875	26.4%	58.4%	34.0%	15.73x	14.03x	0.95x	0.87x
Carlyle Group	CG	USD	45.10	15,991	33.8%	56.3%	43.4%	18.34x	14.78x	5.57x	4.80x
<b>Mean</b>								<b>10.94x</b>	<b>9.73x</b>	<b>2.01x</b>	<b>1.76x</b>
<b>Median</b>								<b>10.99x</b>	<b>10.64x</b>	<b>1.02x</b>	<b>0.93x</b>

Source: Bloomberg, S&P Capital IQ

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### **Galt & Taggart**

**Address:** 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

**Tel:** + (995) 32 2401 111

**Email:** gt@gt.ge