

Weekly Market Watch

Weekly Market Watch | Georgia
Nov 12, 2018

Economy

Tourist arrivals up 15.1% y/y in October 2018

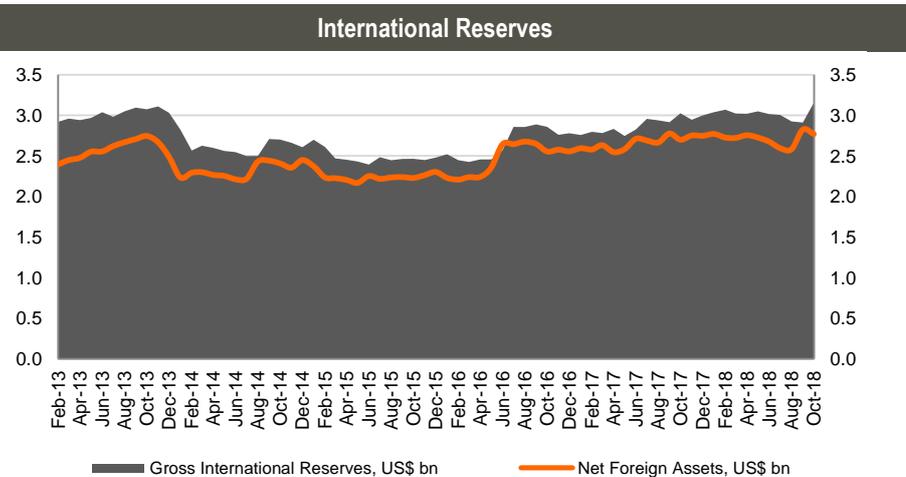
Total international visits to Georgia increased 8.5% y/y to 0.61mn in October 2018, according to the Ministry of Internal Affairs. A 15.1% y/y growth in tourist arrivals (0.41mn trips, 66.6% of total) drove the growth. Out of top countries, in October 2018, international visitors continued to increase from Russia (+30.5% y/y) and Azerbaijan (+4.7% y/y), while visitors were down from Armenia (-2.9% y/y), Turkey (-12.1% y/y) and Iran (-4.5% y/y). Total international visitors stood at 6.3mn (+12.5% y/y) in 10M18 while tourist arrivals stood at 4.2mn (+17.5% y/y).

International reserves stood at US\$ 3.1bn in October 2018

Gross international reserves were up 5.1% y/y to US\$ 3.1bn in October 2018, according to NBG. On a monthly basis, reserves were down 1.8%. There were no FX interventions in October and change in reserves was attributed to government FX operations and/or asset revaluation.

NBG purchased US\$ 10.0mn

On November 9, 2018, the NBG intervened on the FX market and purchased US\$ 10.0mn. Overall, during April-November 2018, the NBG purchased US\$ 122.5mn on its 11 FX auctions.



Source: NBG

Key macro indicators

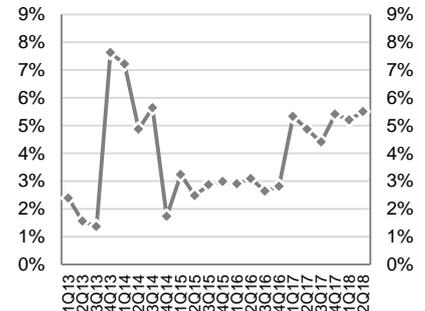
	10M18	2017	2016
GDP (% change)	4.9% ⁽¹⁾	5.0%	2.8%
GDP per capita (ppp)	...	10,742	10,065
GDP per capita (US\$)	...	4,068	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.3%	6.7%	1.8%
Gross reserves (US\$ bn)	3.2	3.0	2.8
CAD (% of GDP)	10.3% ⁽²⁾	8.8%	13.1%
Fiscal deficit (% of GDP)	...	3.3%	2.9%
Total public debt (% of GDP)	...	44.6%	44.4%

Source: Official data, IMF

1) As of 9M18

2) As of 1H18

Real GDP growth, %



Source: GeoStat

International ranking, 2018-19

Ease of Doing Business # 6 (Top 10)
Economic Freedom Index # 16 (mostly free)
Global Competitiveness Index # 66

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed May-2018	 Ba2 Stable Affirmed Sep-2018	 BB- Positive Affirmed Aug-2018
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Source: Rating agencies



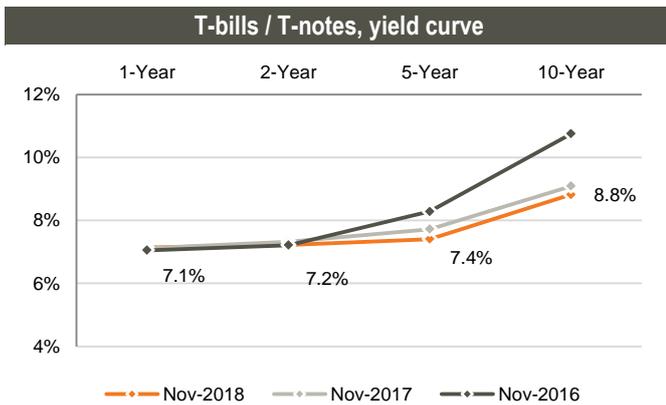
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,280mn (US\$ 461.8mn).

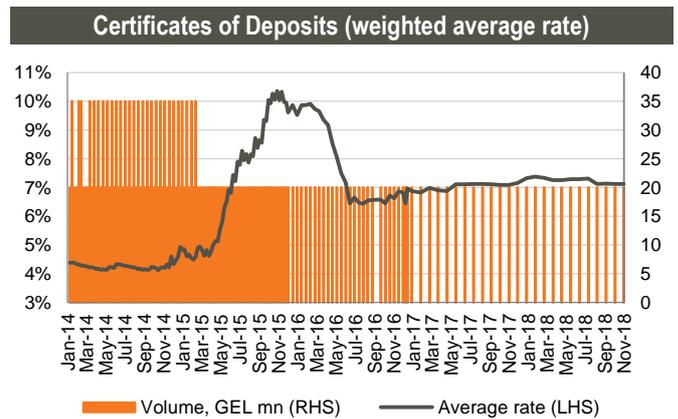
Certificates of deposit: NBG sold 91-day, GEL 20mn (US\$ 7.4mn) certificates of deposit, with an average yield of 7.13% (unchanged from previous issue).

Ministry of Finance Benchmark Bonds:

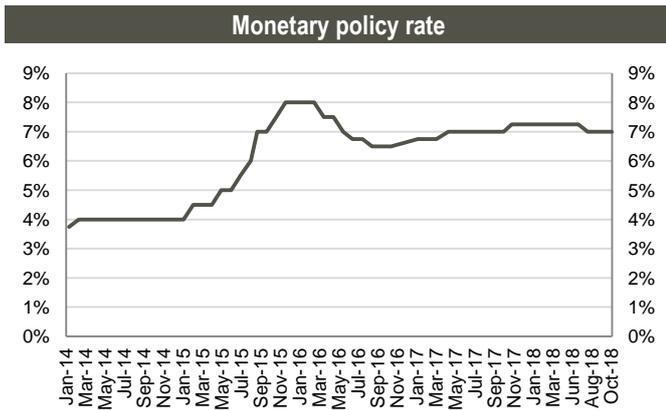
1-year GEL 40.0mn (US\$ 14.5mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on November 7, 2018. The weighted average yield was fixed at 7.142%. The nearest treasury security auction is scheduled for November 14, 2018, where GEL 40.0mn nominal value 2-year Benchmark Bond and GEL 20.0mn nominal value 182-days T-Bills will be sold.



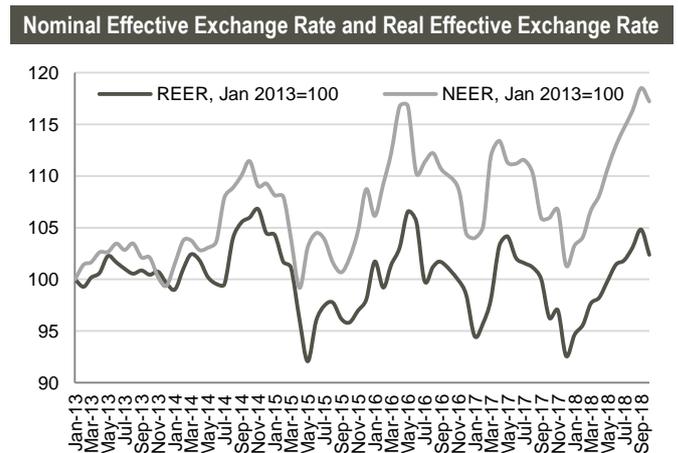
Source: NBG



Source: NBG



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Source: NBG

Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

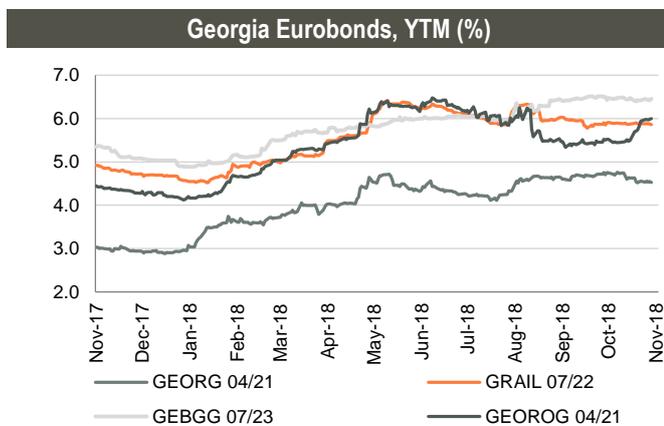


Fixed income

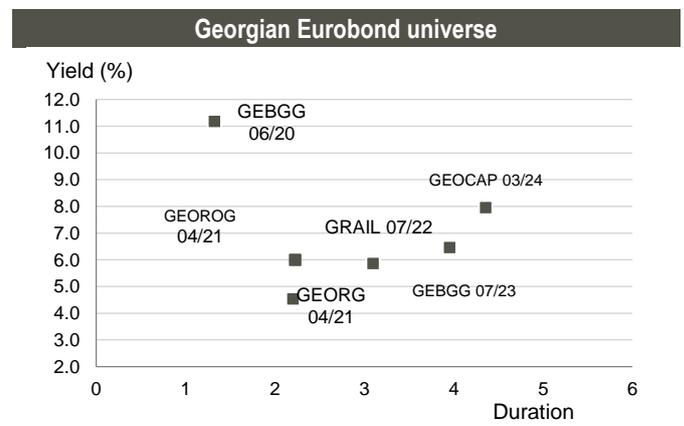
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.4% yield, trading at 98.2 (-0.1% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 92.2 (-0.1% w/w), yielding 7.9%.

GOGC Eurobonds (GEOROG) were trading at 101.7 (-0.2% w/w), yielding 6.0%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.2 (-0.2% w/w), yielding 5.9%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.3 (unchanged w/w) at 4.5% yield to maturity.



Source: Bloomberg



Source: Bloomberg

Georgia bonds performance

Georgia Eurobonds performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	105.31	4.52	138.92
GRAIL 07/22	500	7.750%	18/07/2022	B+/B+/-	106.16	5.85	268.78
GEOROG 04/21	250	6.750%	18/04/2021	BB-/B+/-	101.68	6.00	286.47
GEBGG 06/20	500*	11.000%	18/06/2020	BB-/B+/-	99.75	11.17	n/a
GEBGG 07/23	350	6.000%	18/07/2023	BB-/B2	98.18	6.45	328.29
GEOCAP 03/24	300	6.125%	18/03/2024	-B+/B2	92.19	7.95	477.76

Georgia local bonds performance

GWP 12/21	30*	10.50%**	06/12/2021	BB****-/-	n/a	n/a	n/a
M2RE 10/19	25	7.500%	07/10/2019	B+/-	102.29	5.25	n/a
GLC 08/20	10	7.000%	29/08/2020	-/-	101.83	6.00	n/a
GLC 06/21	5	6.500%	22/06/2021	-/-	n/a	n/a	n/a
Nikora 06/19	10	9.000%	28/06/2019	-/-	n/a	n/a	n/a
Silknet 08/22	34*	10.50%**	18/08/2022	B+****-/-	n/a	n/a	n/a
Crystal 12/19	10*	11.50%***	28/12/2019	B/-	101.01	11.25	n/a

Source: Bloomberg

*GEBGG 06/20 bonds, GWP 12/21 bonds, Silknet 08/22 and Crystal 12/19 bonds are in Georgian lari

**Coupon rate 3.5% over the NBG's refinancing rate

***Coupon rate 4.5% over the NBG's refinancing rate

****Company ratings

Eastern European sovereign 10-year bond performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	105.3	4.5	138.9
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	98.5	5.1	188.9
Bulgaria	323	5.000%	19/07/2021	BBB-/-	113.3	0.1	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	110.6	0.8	71.6
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	105.8	3.8	64.5
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	107.9	4.1	93.5
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	101.6	3.8	76.0
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	98.5	6.3	320.0

Source: Bloomberg

Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 16.76/share (+2.02% w/w and -2.17% m/m). More than 242k shares traded in the range of GBP 16.12 – 17.33/share. Average daily traded volume was 60k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 1.15% w/w and lost 2.28% m/m. The volume of BGEO shares traded was at 0.49% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 11.80/share (-2.33% w/w and +2.61% m/m). More than 186k shares traded in the range of GBP 11.65 – 12.75/share. Average daily traded volume was 60k in the last 4 weeks. The volume of CGEO shares traded was at 0.49% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.46 (-3.74% w/w and -1.91% m/m). More than 62k shares changed hands in the range of GBP 16.00 – 17.00/share. Average daily traded volume was 26k in the last 4 weeks. The volume of TBCG shares traded was at 0.11% of its capitalization.

Georgia Healthcare Group (GHG LN) shares closed at GBP 2.35/share (+2.17% w/w and +9.81% m/m). More than 21k shares were traded in the range of GBP 2.35 – 2.44/share. Average daily traded volume was 21k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.

Eastern European Banks

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Bank of Georgia	BGEO	16.76*	1,070	-2.2%	-7.4%	-26.6%	-30.3%	-31.1%
TBC	TBC	16.46*	1,159	-1.9%	-4.0%	-5.7%	-5.9%	-5.9%
Halyk Bank	HSBK	10.95	3,218	-4.4%	-3.1%	-15.1%	10.8%	15.5%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	0.0%
VTB Bank	VTBR	1.26	8,178	1.0%	-6.2%	-31.0%	-31.0%	-40.3%
Vozrozhdenie	VZRZ	6.91	164	0.9%	25.5%	31.4%	-20.6%	-31.2%
Sberbank	SBER	12.00	64,761	2.1%	1.0%	-18.4%	-29.1%	-24.5%

Source: Bloomberg

*BGEO and TBC share prices traded and shown in GBP

Investment Management Company Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Georgia Capital	CGEO	11.8*	587	2.6%	17.6%	N/A	N/A	N/A
Creades	CREDA	30.45	250	1.0%	1.2%	-5.0%	-16.4%	-14.3%
CIE du Bois	COMB	436.17	735	-5.0%	-5.2%	-8.7%	1.4%	4.7%
Tinc Comm	TINC	13.82	377	-2.1%	-0.3%	-4.0%	-8.5%	-5.0%
Edify	EDIFY	62.88	306	-7.9%	-10.1%	-15.8%	-8.3%	1.5%

Source: Bloomberg

*CGEO share price traded and shown in GBP

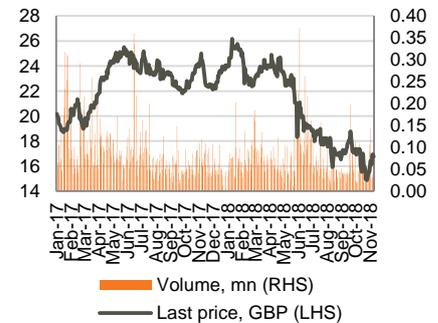
Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG	2.35*	402	9.8%	-9.8%	-11.5%	-33.8%	-28.8%
Mouwasat	MOUWASAT	19.19	1,919	-8.4%	-21.3%	-18.9%	-4.9%	-10.2%
Fortis	FORH	1.93	1,004	8.0%	-5.6%	-13.4%	-23.1%	-9.3%
Raffles	RFMD	0.79	1,421	-2.3%	-1.0%	-4.2%	-5.6%	-7.4%
IHH	IHH	1.16	9,563	-9.0%	-17.1%	-23.5%	-19.6%	-13.8%
Bangkok Chain	BCH	0.56	1,387	-2.8%	5.5%	6.3%	11.8%	12.2%
Netcare	NTC	1.78	2,616	6.4%	-15.3%	-25.6%	-12.4%	1.2%

Source: Bloomberg

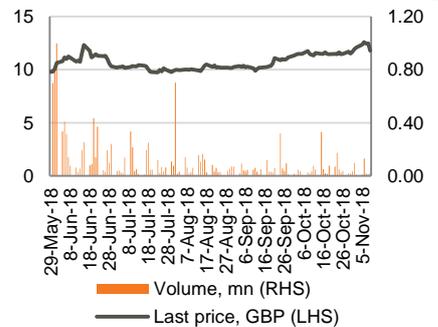
*GHG share price traded and shown in GBP

Bank of Georgia Group (BGEO LN)



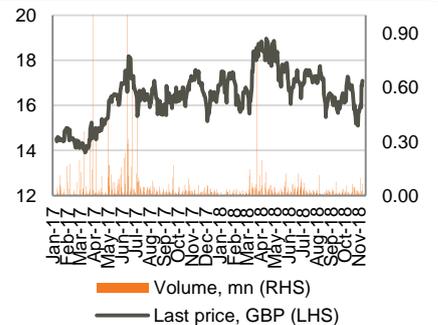
Source: Bloomberg

Georgia Capital (CGEO LN)



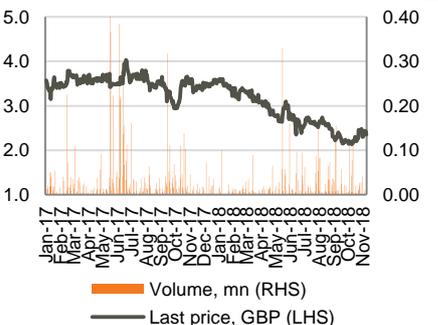
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg



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