

Weekly Market Watch

 Weekly Market Watch | Georgia
 May 21, 2018

Economy

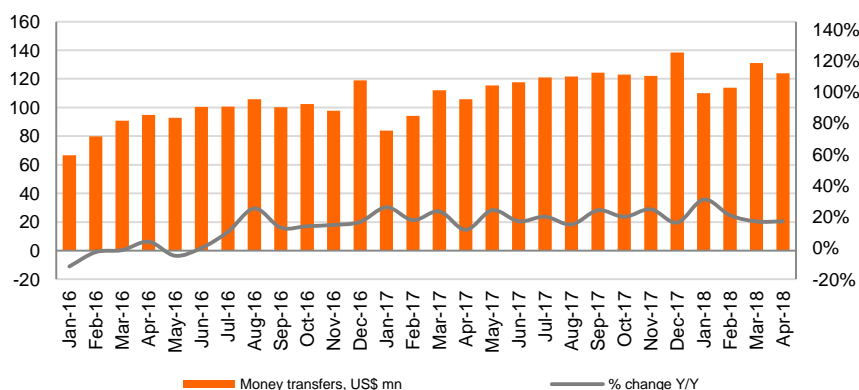
Exports up 8.3% y/y in April 2018

In April 2018, exports growth slowed to 8.3% y/y to US\$ 229.2mn, imports were up 22.0% y/y to US\$ 727.4mn and the trade deficit widened 29.5% y/y to US\$ 498.2mn, according to GeoStat's preliminary figures. In 4M18, trade deficit was up 22.3% to US\$ 1.9bn as exports increased 22.0% y/y to US\$ 961.4mn, while imports were up 22.2% y/y to US\$ 2.8bn. Detailed foreign trade statistics will be available on May 21, 2018.

Money transfers up 17.1% y/y in April 2018

In April 2018, money transfers increased 17.1% y/y to US\$ 123.9mn, after growing 17.0% y/y in previous month, according to NBG. Money transfers were up from almost all major remitting countries: Greece (+35.2% y/y, 12.0% of total), Italy (+43.6% y/y, 11.7% of total), USA (+13.7% y/y, 10.2% of total), Israel (+31.7% y/y, 9.5% of total) and Turkey (+8.7% y/y, 7.5% of total). Meanwhile remittances were slightly down from Russia (-0.2% y/y, 28.5% of total). Overall, in 4M18 money transfers were up 21.0% y/y to US\$ 478.9mn.

Money transfers



Source: NBG

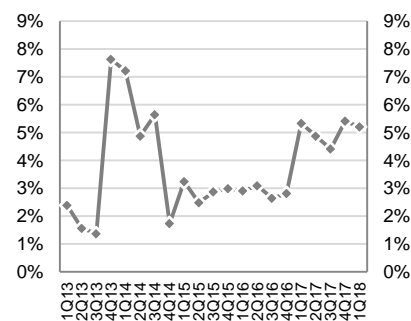
Key macro indicators

	4M18	2017	2016
GDP (% change)	5.2% ⁽¹⁾	5.0%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US\$)	...	4,079	3,865
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.5%	6.7%	1.8%
Gross reserves (US\$ bn)	3.0	3.0	2.8
CAD (% of GDP)	...	8.7	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.4%

Source: Official data, IMF

1) As of 1Q18

Real GDP growth, %



Source: GeoStat

International ranking, 2017-18

Ease of Doing Business # 9 (Top 10)

Economic Freedom Index # 16 (mostly free)

Global Competitiveness Index # 67

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed May-2017	 Ba2 Stable Upgraded Sep-2017	 BB- Positive Affirmed Mar-2018
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Source: Rating agencies



Money market

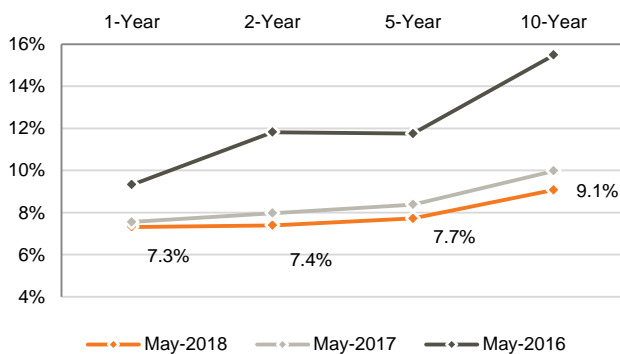
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,200mn (US\$ 493.5mn).

Certificates of deposit: NBG sold 91-day, GEL 20mn (US\$ 8.2mn) certificates of deposit, with an average yield of 7.29% (up 0.03ppts from previous issue).

Ministry of Finance Treasury Notes:

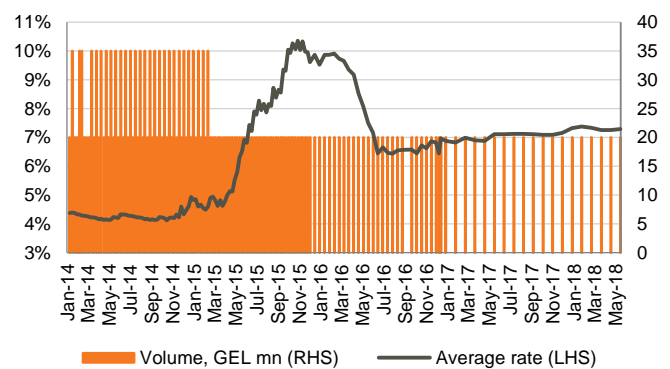
The nearest treasury security auction is scheduled for May 23, 2018, where GEL 30.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes, yield curve



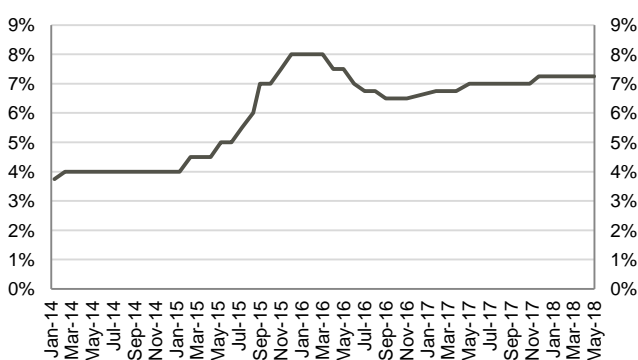
Source: NBG

Certificates of Deposits (weighted average rate)



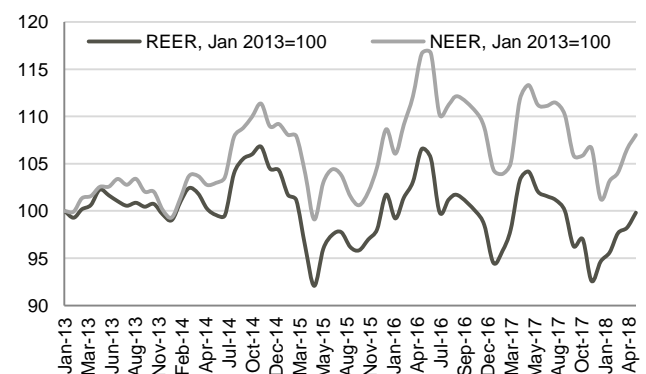
Source: NBG

Monetary policy 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



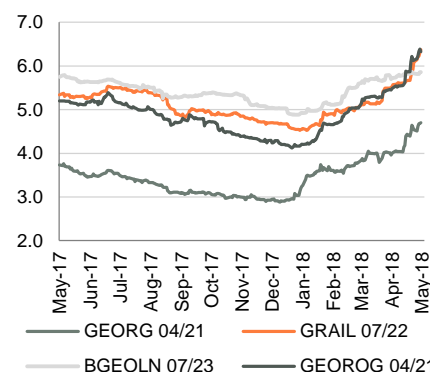
Fixed income

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.9% yield, trading at 100.6 (-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 94.7 (-0.2% w/w), yielding 7.3%.

GOGC Eurobonds (GEOROG) were trading at 101.1 (-0.5% w/w), yielding 6.3%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 104.8 (-1.2% w/w), yielding 6.4%.

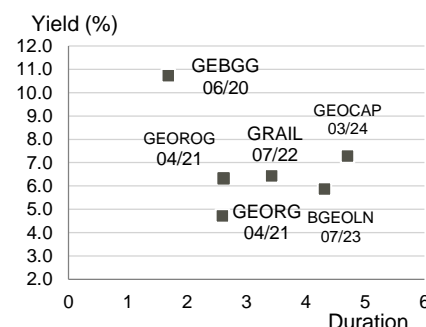
Georgian Sovereign Eurobonds (GEORG) closed at 105.8 (-0.5% w/w) at 4.7% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

	Local bonds				Eurobonds					
	GWP 12/21	M2RE 10/19	Nikora 06/19	GLC 08/20	GEOCAP 03/24	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	30*	25.0	10.0	10.0	300	500*	250	350	500	500
Issue date	12/16	10/16	08/17	8/17	03-18	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	06/19	8/20	03-24	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	9.0	7.00	6.125%	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/Moody's	BB-/-/-	-/-/-	-/-/-	n/a	-/-/B2e	B-/-/Ba2	BB-/B+/-	BB-/-/B1	BB-/BB-/Ba2	B+/-B+/-
Mid price, US\$	n/a	102.8	101.3	101.07	94.7	100.5	101.1	100.6	105.8	104.8
Mid yield, %	n/a	5.5%	3.8%	6.50%	7.3	10.7	6.3	5.9	4.7	6.4
Z-spread, bps	n/a	n/a	n/a	n/a	427.1	346.1	344.6	287.4	182.4	346.9

Source: Bloomberg

*GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari

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

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	105.8	4.7	182.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba2	98.6	5.0	203.5
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	115.6	0.1	-29.9
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	111.2	1.0	78.6
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	107.4	3.6	74.0
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	109.2	4.1	112.9
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	102.4	3.7	91.9
Turkey	2,000	5.625%	30/03/2021	BB+/BB-/Ba2	99.9	5.7	278.9

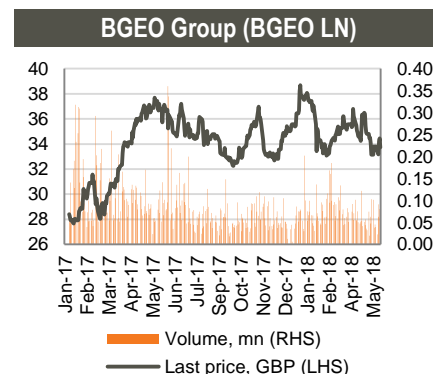
Source: Bloomberg

Equities

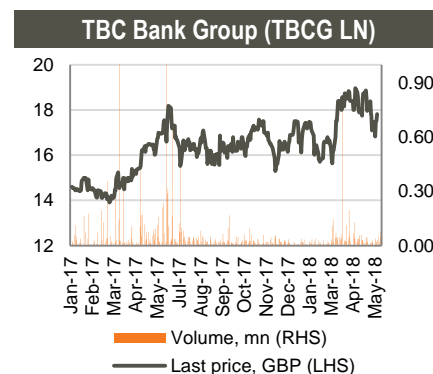
BGEO Group (BGEO LN) shares closed at GBP 33.74/share (+1.26% w/w and -6.90% m/m). More than 304k shares traded in the range of GBP 32.70 – 35.28/share. Average daily traded volume was 55k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.98% w/w and gained 4.18% m/m. The volume of BGEO shares traded was at 0.77% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.84 (+0.11% w/w and -4.80% m/m). More than 315k shares changed hands in the range of GBP 17.22 – 17.90 share. Averaged daily traded volume was 33k in the last 4 weeks.

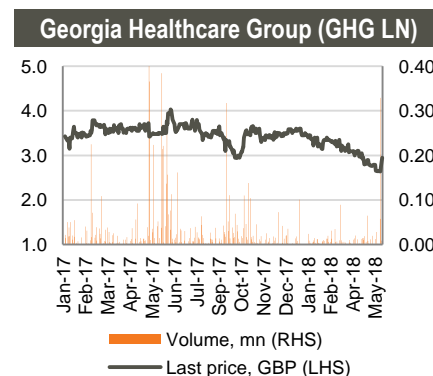
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.95/share (+11.32% w/w and +1.72% m/m). More than 404k shares were traded in the range of GBP 2.63 – 2.95/share. Average daily traded volume was 37k in the last 4 weeks. The volume of GHG shares traded was at 0.31% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Eastern European Banks

	Tick er	Share price, US\$	MCap US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
BGEO	BGEO	33.74*	1,703	-6.9%	0.5%	2.2%	-5.1%	-8.5%
TBC	TBC	17.84*	1,303	-4.8%	7.5%	8.1%	1.9%	11.3%
Halyk Bank	HSBK	12.15	3,340	-1.2%	-5.8%	26.4%	23.0%	60.9%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	-38.2%
VTB Bank	VTBR	1.77	11,451	-8.4%	-3.4%	-6.7%	-3.4%	-23.7%
Vozrozhdenie Bank	VZRZ	5.19	123	-5.0%	-38.5%	-48.2%	-40.4%	-60.4%
Sberbank	SBER	14.65	79,062	-1.8%	-27.0%	-10.4%	-13.5%	19.6%

Source: Bloomberg

*BGEO and TBC share prices 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	2.95*	524	1.7%	-11.9%	-13.2%	-16.9%	-14.5%
Mouwasat	MOUWASAT	48.82	2,441	-6.1%	1.2%	15.2%	20.9%	21.3%
Fortis	FORH	2.13	1,102	-5.3%	-6.5%	5.6%	-15.4%	-32.6%
Raffles	RFMD	0.80	1,425	-9.1%	-4.0%	-2.5%	-4.0%	-19.8%
IHH	IHH	1.55	12,742	-1.4%	-2.7%	13.9%	7.1%	11.3%
Bangkok Chain	BCH	0.51	1,271	-9.5%	-4.2%	4.6%	2.5%	43.5%
Netcare	NTC	2.31	3,397	-5.7%	4.9%	44.9%	13.8%	15.1%

Source: Bloomberg

*GHG share price traded and shown in GBP

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