



Weekly Market Watch

Weekly Market Watch | Georgia
Nov 19, 2018

Economy

Exports up 15.0% y/y in October 2018

In October 2018, exports increased 15.0% y/y to US\$ 303.0mn, while import growth accelerated to 18.7% y/y and reached US\$ 867.9mn and the trade deficit widened 20.7% y/y to US\$ 565.0mn, according to GeoStat's preliminary figures. In 10M18, trade deficit was up 16.4% to US\$ 4.8bn as exports increased by 24.5% y/y to US\$ 2.8bn and imports were up 19.2% y/y to US\$ 7.6bn. Detailed foreign trade statistics will be available on November 19, 2018.

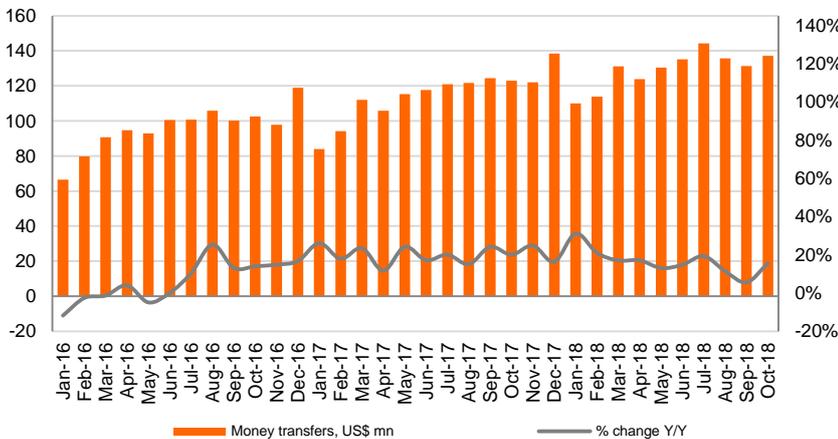
Money transfers up 11.6% y/y in October 2018

In October 2018, money transfers increased 11.6% y/y to US\$ 137.2mn, after growing 5.6% y/y in the previous month, according to NBG. From major remitting countries, money transfers were up from Russia (+1.0% y/y, 28.9% of total), Italy (+31.3% y/y, 12.2% of total), Greece (+16.0% y/y, 11.2% of total), USA (+16.9% y/y, 10.5% of total) and Israel (+8.9% y/y, 8.7% of total), while remittances were down from Turkey (-25.3% y/y, 5.5% of total). Overall, in 10M18 money transfers were up 15.5% y/y to US\$ 1.3bn.

NBG purchased US\$ 10.0mn

On November 16, 2018, the NBG intervened on the FX market and purchased US\$ 10.0mn. Overall, during April-November 2018, the NBG purchased US\$ 132.5mn on its 12 FX auctions.

Money transfers



Source: NBG

Key macro indicators

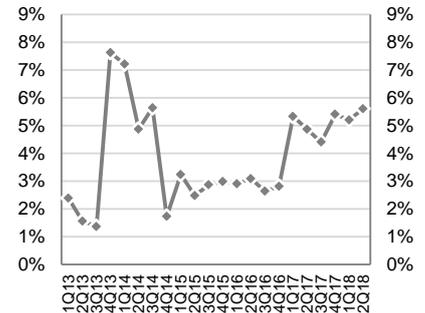
	10M18	2017	2016
GDP (% change)	4.9% ⁽¹⁾	4.8%	2.8%
GDP per capita (ppp)	...	10,742	10,065
GDP per capita (US\$)	...	4,047	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.3%	6.7%	1.8%
Gross reserves (US\$ bn)	3.2	3.0	2.8
CAD (% of GDP)	10.3% ⁽²⁾	8.8%	13.1%
Fiscal deficit (% of GDP)	...	2.9%	3.0%
Total public debt (% of GDP)	...	44.8%	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

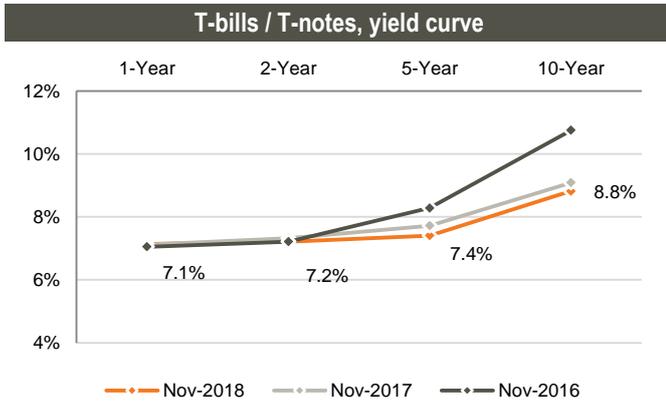
Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,340mn (US\$ 495.5mn).

Ministry of Finance Benchmark Bonds:

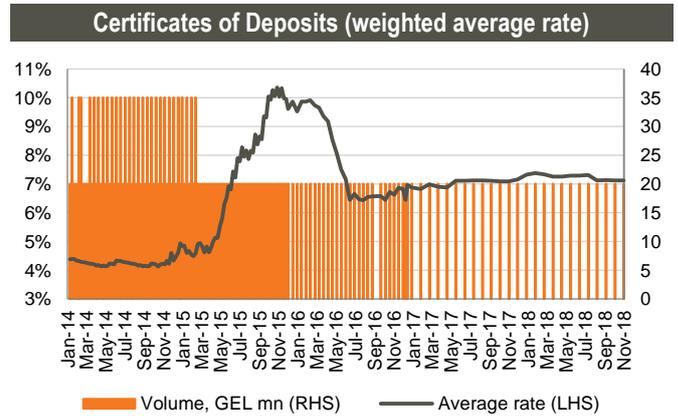
2-year GEL 40.0mn (US\$ 14.7mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on November 14, 2018. The weighted average yield was fixed at 7.214%.

Ministry of Finance T-Bills:

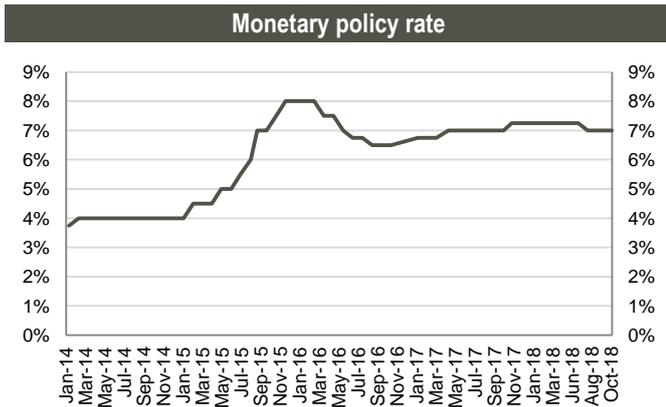
182-days GEL 20.0mn (US\$ 7.4mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on November 14, 2018. The weighted average yield was fixed at 7.030%.



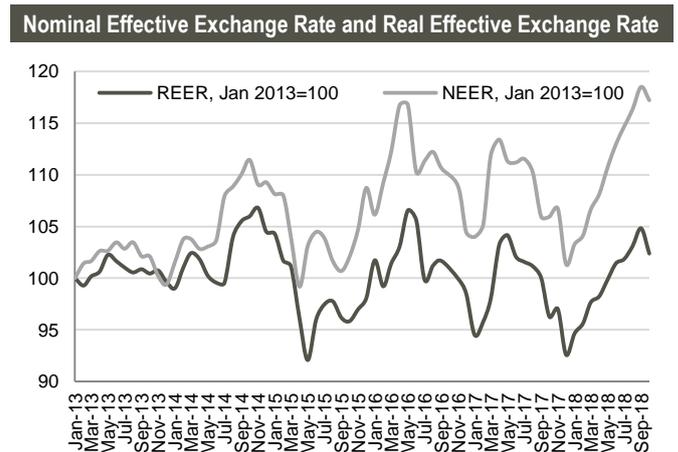
Source: NBG



Source: NBG



Source: NBG



Source: NBG

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

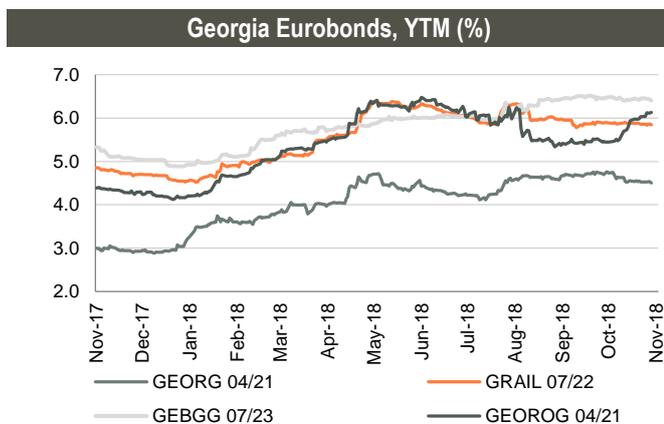


Fixed income

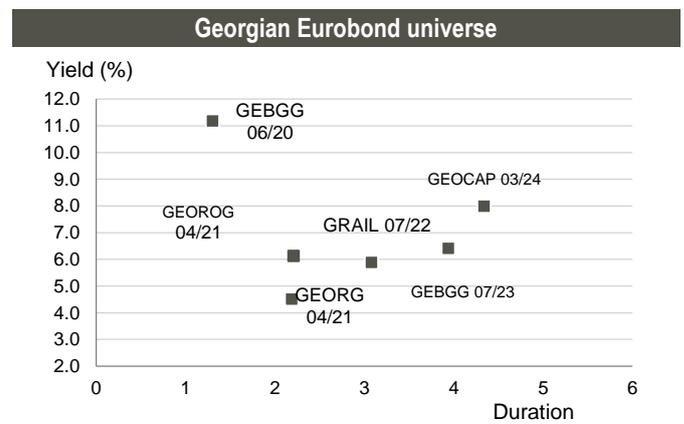
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.4% yield, trading at 98.4 (+0.2% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 92.1 (-0.1% w/w), yielding 8.0%.

GOGC Eurobonds (GEOROG) were trading at 101.4 (-0.3% w/w), yielding 6.1%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.0 (-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	105.32	4.50	148.77
GRAIL 07/22	500	7.750%	18/07/2022	B+/B+/-	106.03	5.88	285.37
GEOROG 04/21	250	6.750%	18/04/2021	BB-/B+/-	101.38	6.13	311.30
GEBGG 06/20	500*	11.000%	18/06/2020	BB-/Ba2	99.75	11.18	n/a
GEBGG 07/23	350	6.000%	18/07/2023	BB-/B2	98.38	6.40	336.92
GEOCAP 03/24	300	6.125%	18/03/2024	-B+/B2	92.09	7.98	494.01

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	B+****-/-	101.83	6.00	n/a
GLC 06/21	5	6.500%	22/06/2021	B+****-/-	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 B+*

****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	148.8
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	98.3	5.1	206.9
Bulgaria	323	5.000%	19/07/2021	BBB-/-	113.2	0.0	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	110.6	0.8	70.9
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	105.7	3.8	80.1
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	107.8	4.1	110.4
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	101.6	3.8	83.1
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	98.3	6.4	339.6

Source: Bloomberg

Equities

Bank of Georgia Group (B GEO LN) shares closed at GBP 15.75/share (-6.03% w/w and -4.24% m/m). More than 264k shares traded in the range of GBP 15.38 – 16.84/share. Average daily traded volume was 60k in the last 4 weeks. FTSE 250 Index, of which B GEO is a constituent, lost 2.58% w/w and lost 2.80% m/m. The volume of B GEO shares traded was at 0.54% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 11.80/share (unchanged w/w and +2.79% m/m). More than 106k shares traded in the range of GBP 11.50 – 12.00/share. Average daily traded volume was 41 in the last 4 weeks. The volume of CGEO shares traded was at 0.28% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 15.88 (-3.52% w/w and -0.75% m/m). More than 62k shares changed hands in the range of GBP 15.66 – 16.50/share. Average daily traded volume was 24k 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 2.20/share (-6.38% w/w and -4.35% m/m). More than 59k shares were traded in the range of GBP 2.20 – 2.42/share. Average daily traded volume was 11k in the last 4 weeks. The volume of GHG shares traded was at 0.04% 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	B GEO	15.75*	994	-4.2%	-8.9%	-31.8%	-34.5%	-30.0%
TBC	TBC	15.88*	1,106	-0.7%	-0.3%	-10.5%	-9.3%	-6.6%
Halyk Bank	HSBK	11.00	3,232	-7.2%	0.0%	-14.4%	11.3%	16.0%
VTB Bank	VTBR	1.33	8,645	-0.1%	-0.7%	-22.9%	-27.1%	-25.9%
Vozrozhdenie	VZRZ	7.13	169	1.4%	13.5%	37.3%	-18.1%	-29.1%
Sberbank	SBER	12.12	65,408	-1.1%	3.4%	-19.7%	-28.4%	-25.9%

Source: Bloomberg
 *B GEO 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*	580	2.8%	13.8%	N/A	N/A	N/A
Creades	CREDA	29.74	244	1.2%	2.2%	-8.0%	-18.4%	-14.1%
CIE du Bois	COMB	439.21	740	-3.0%	-3.6%	-4.2%	2.1%	4.2%
Tinc Comm	TINC	13.63	372	-2.8%	-0.9%	-5.0%	-9.8%	-6.8%
Edify	EDIFY	63.31	308	-6.6%	-7.9%	-14.9%	-7.6%	2.6%

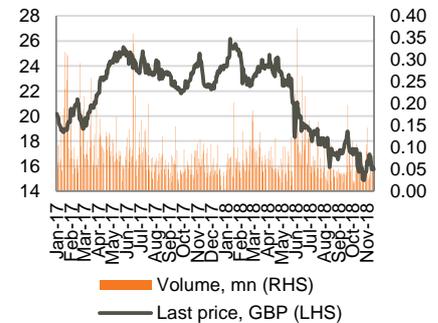
Source: Bloomberg
 *CGEO share price traded and shown in GBP

Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG	2.2*	372	-4.3%	-13.7%	-20.0%	-38.0%	-36.2%
Mouwasat	MOUWASAT	20.02	2,002	7.9%	-14.7%	-19.7%	-0.8%	-7.8%
Fortis	FORH	2.04	1,059	8.9%	-3.8%	-8.9%	-18.8%	1.8%
Raffles	RFMD	0.79	1,427	3.9%	2.1%	-2.4%	-5.2%	-4.7%
IHH	IHH	1.13	9,323	-9.0%	-14.9%	-26.6%	-21.6%	-15.7%
Bangkok Chain	BCH	0.57	1,413	-6.6%	6.2%	11.3%	13.9%	15.1%
Netcare	NTC	1.76	2,595	2.5%	-5.6%	-26.0%	-13.1%	8.8%

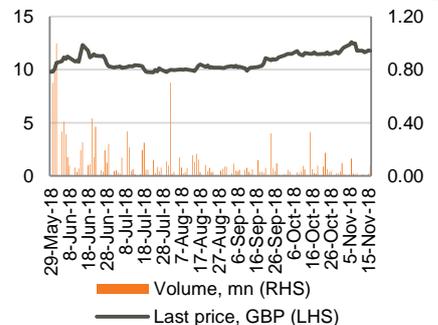
Source: Bloomberg
 *GHG share price traded and shown in GBP

Bank of Georgia Group (B GEO LN)



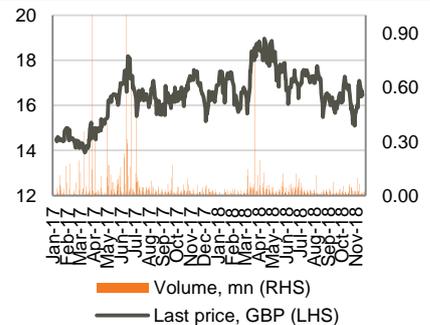
Source: Bloomberg

Georgia Capital (CGEO LN)



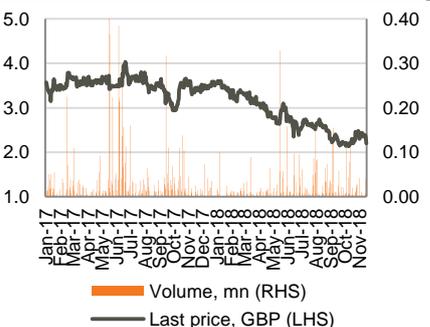
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

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