



Economy

Annual inflation was 2.0% in May-24

In May-24, annual inflation rose to 2.0%, up from the 1.5% print in previous month. This increase was primarily driven by a 3.8% y/y rise in imported inflation (+3.5% in Apr-24), followed by a 2.5% y/y increase in domestic inflation (flat m/m). Notably, core inflation, excluding volatile food, energy and tobacco prices, reduced to 1.7% y/y in May-24 from 2.3% y/y recorded in previous month.

By categories, annual inflation in May-24 was mostly driven by price changes in transport (+12.3% y/y, +1.44ppts), hotels & restaurants (+7.7% y/y, +0.25ppts), alcoholic beverages & tobacco (+3.5% y/y, +0.24ppts), food and non-alcoholic beverages (+0.7% y/y, +0.22ppts), education (+3.6% y/y, +0.16ppts) and clothing and footwear (-3.8% y/y, -0.17ppts) categories.

International reserves at US\$ 4.6bn in May-24

Gross international reserves decreased by 8.0% y/y to US\$ 4.6bn in May-24, according to NBG. On a monthly basis, the reserves were down by 4.5% (-US\$ 214.3mn). Notably, there were 2 FX auctions in May, where NBG sold US\$ 108.7mn. Other changes in reserves were attributed to the government and/or banking sector FX operations, and likely also to NBG's FX trading via BMatch platform (information will be available on 27 May).

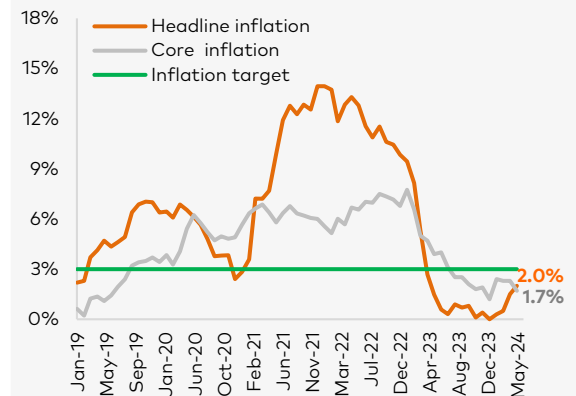
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	23,344	24,648
GDP per capita (US\$)	8,210	8,616
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	4.3%	5.6%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	38.4%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

*Latest sovereign credit ratings

Annual inflation in Georgia



Source: Geostat, NBG

Money market

Ministry of Finance T-bills/T-notes:

2.6-year GEL 40.0mn (US\$ 14.3mn) Benchmark bonds were sold at the auction held at NBG on June 4, 2024. Total demand was 1.9x higher and the weighted average yield was fixed at 8.119%, up by 0.136ppts from previous auction held in May-24.

6-month GEL 20.0mn (US\$ 7.2mn) T-bills were sold at the auction held at NBG on June 4, 2024. Total demand was 1.6x higher and the weighted average yield was fixed at 7.988%, down by 0.060ppts from previous auction held in May-24.

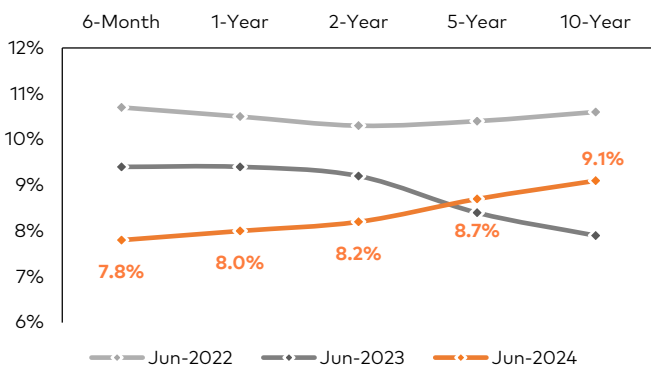
The nearest treasury security auction is scheduled for June 11, 2024, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

T-bills / T-notes in 2024

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
Short-term (less than 1-year)	270	260	410
Long-term (over 1-year)	1,380	1,965	8,165
Total	1,650	2,225	8,575

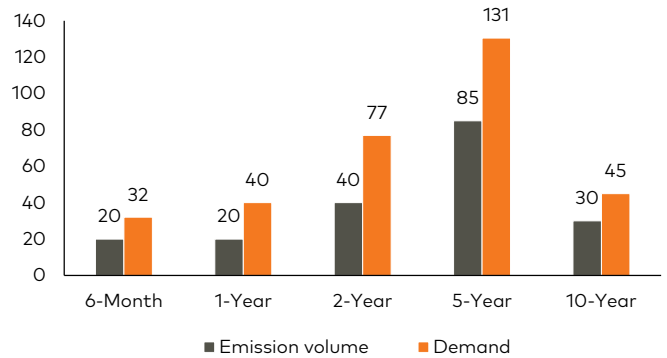
Source: MoF
*As of April 2024

T-bills / T-notes, yield curve



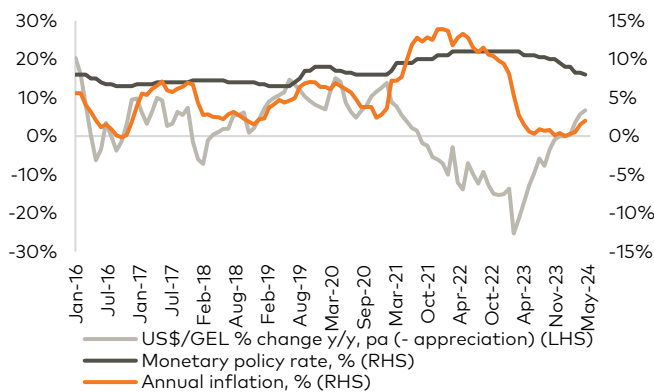
Source: NBG

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



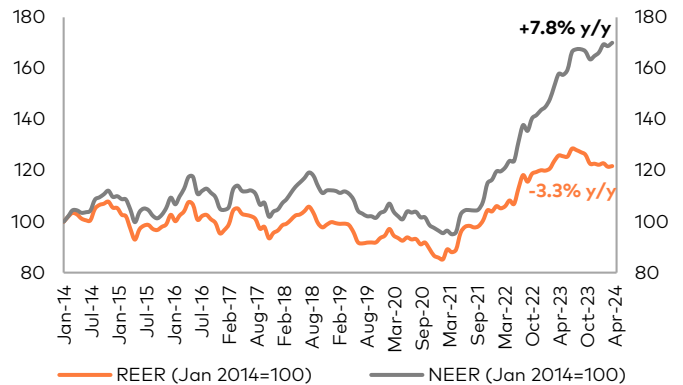
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal and real effective exchange rates



Source: NBG

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



Fixed income

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield, %	Z-spread, bps
						(Fitch/S&P/Mood y/Scope)			
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2	91.28	7.87	308.88
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	88.24	7.44	312.82
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.96	10.02	577.91
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	99.93	8.40	382.31
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.00	10.56	521.46
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.73	10.78	620.19
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.51	10.61	629.59

■ Galt & Taggart-led and/or co-managed deals
Source: Bloomberg

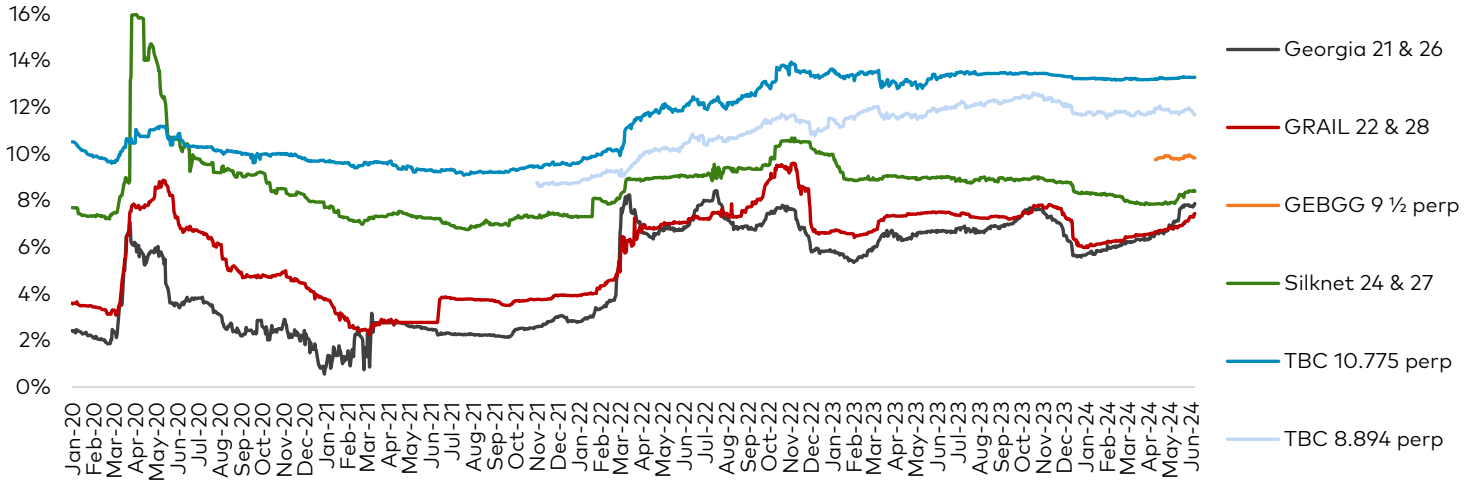
Georgian local bonds performance

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield, %
						(Fitch/S&P/Moody/Scope)		
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/BB+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-/-	99.87	8.75
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	99.98	8.50
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-22	Oct-27	-/-/-/-	99.99	7.00
Lisi Lake Development	USD	10	8.50%	Dec-22	Dec-24	-/-/-/BB+	100.00	8.50
Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-/-	99.98	9.00
Silk Real Estate	USD	20	9.00%	Apr-23	Apr-26	-/-/-/-	99.99	9.00
Tegeta Motors	USD	20	8.50%	Apr-23	Apr-25	-/-/-/BB-	99.66	8.75
Energy Development Georgia	USD	10	8.50%	Jun-23	Jun-25	-/-/-/-	n/a	n/a
Georgia Capital	USD	150	8.50%	Aug-23	Aug-28	-/BB-/-/-	101.17	8.19
Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-/-	101.14	8.63
Prime Concrete	USD	7.5	10.50%	Sep-23	Sep-27	-/-/-/-	n/a	n/a
Austrian-Georgian Development	USD	15	9.00%	Oct-23	Oct-25	-/-/-/-	n/a	n/a
MFO EuroCredit	USD	10	9.50%	Dec-23	Dec-27	-/-/-/-	n/a	n/a
Geosteel	USD	5	8.50%	Dec-23	Dec-25	-/-/-/-	99.57	8.75
IG Development	USD	20	8.50%	Dec-23	Dec-25	-/-/-/-	99.56	8.75
EUR								
Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/-/BB-	99.67	7.25
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/-/BB-	99.57	7.25
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/-/BB-	100.43	6.50
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-/-	99.55	7.25
Tegeta Motors	EUR	10	6.75%	May-24	May-26	-/-/-/BB-	n/a	n/a
GEL								
Vian (Evex)	GEL	50	Ref rate + 3.10%	Nov-19	Nov-24	-/-/-/BB	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/-/BB-	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-25	-/-/-/BB-	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/-/B	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-22	Dec-25	-/-/-/BB-	n/a	n/a
MFO Crystal	GEL	25	TIBR6M + 4.75%	Dec-22	Feb-25	B-/-/-/-	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-23	Mar-26	-/-/-/BB+	n/a	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-23	Mar-26	BB-/-/-/-	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/-/-/-	n/a	n/a
Tegeta Motors	GEL	20	TIBR6M + 3.50%	Jun-23	Dec-25	-/-/-/BB-	n/a	n/a
Tegeta Motors	GEL	20	14.5%	Dec-23	Dec-25	-/-/-/BB-	n/a	n/a
Cellfie	GEL	65	TIBR6M + 3.50%	Dec-23	Dec-25	-/-/-/BB-	n/a	n/a



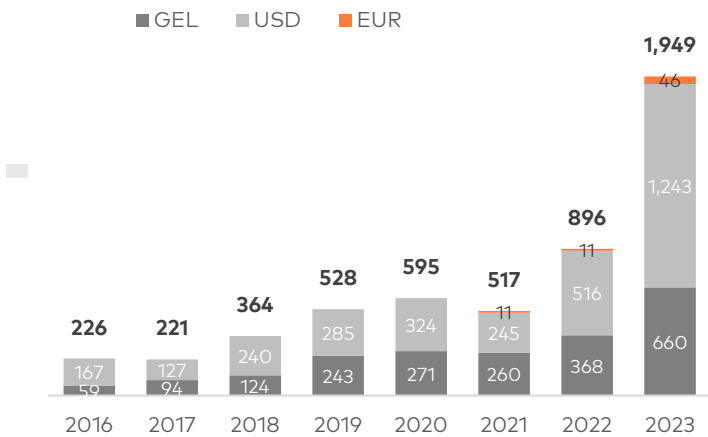
Fixed income

Georgian Eurobonds, YTM



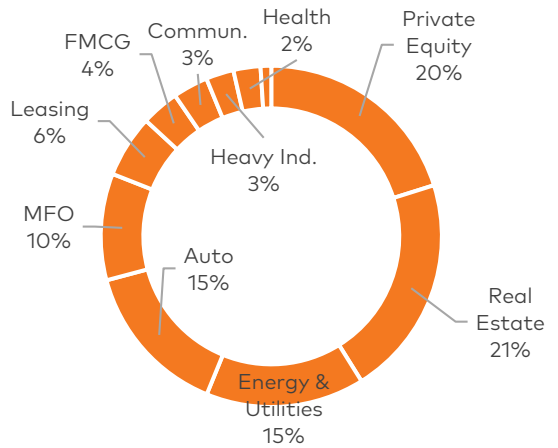
Source: Bloomberg

Georgian corporate public bonds outstanding, GEL mn



Source: Galt & Taggart
Note: USD and EUR bonds are converted into GEL as of issuance date
Source: Bloomberg, Galt & Taggart

Georgian corporate public bonds outstanding by sector

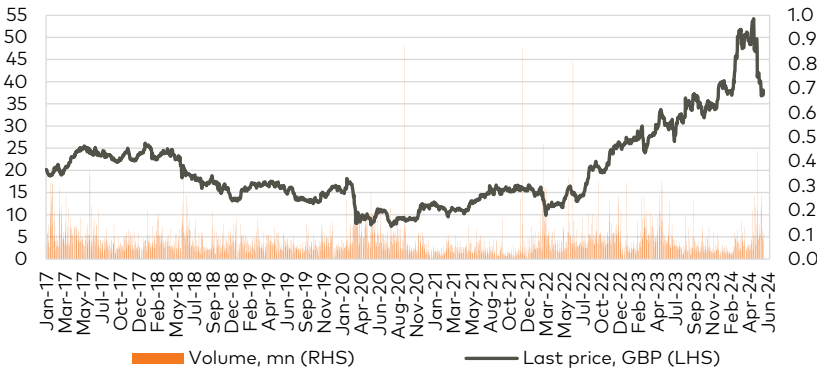


Source: Galt & Taggart



Equities

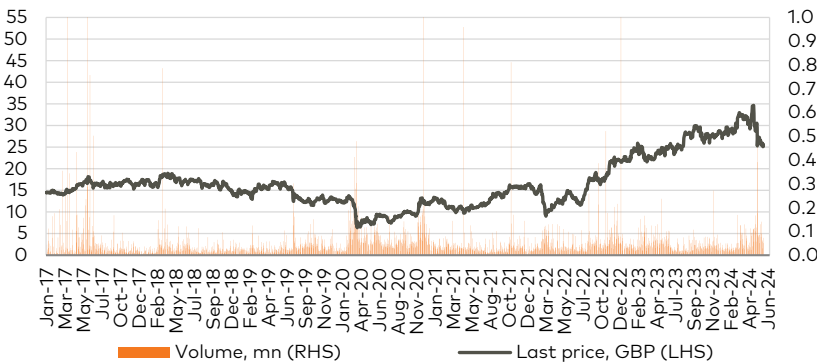
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 37.40/share (+0.81% w/w and -20.09% m/m). More than 472k shares traded in the range of GBP 36.45 - 38.60/share. Average daily traded volume was 144k in the last 4 weeks. The volume of BGEO shares traded was at 1.04% of its capitalization.

Source: Bloomberg

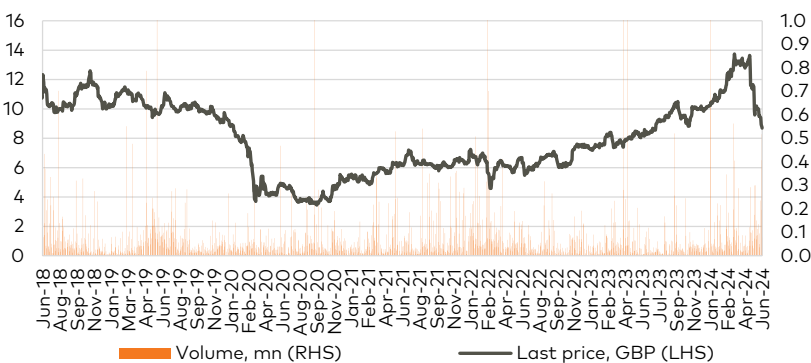
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 25.25/share (-0.98% w/w and -12.33% m/m). More than 271k shares changed hands in the range of GBP 25.05 - 26.20/share. Average daily traded volume was 125k in the last 4 weeks. The volume of TBCG shares traded was at 0.49% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 8.70/share (-8.42% w/w and -24.35% m/m). More than 1.43mn shares traded in the range of GBP 8.70 - 9.75/share. Average daily traded volume was 165k in the last 4 weeks. The volume of CGEO shares traded was at 3.36% of its capitalization.

Source: Bloomberg

Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2023	2024F	2025F	2023	2024F	2025F
Bank of Georgia	BGEO	GBP	37.40	1,705	11.0%	22.8%	-5.9%	4.36x	3.55x	3.58x	1.19x	na	na
TBC	TBC	GBP	25.25	1,399	-8.2%	2.2%	-10.8%	4.78x	4.04x	3.34x	1.15x	na	na
Halyk Bank	HSBK	USD	17.84	4,865	28.2%	40.3%	17.7%	2.57x	2.81x	2.77x	0.72x	0.86x	0.73x
Akbank	AKBNK	TRY	59.30	308,360	65.3%	222.5%	62.4%	2.86x	4.29x	2.80x	0.90x	1.17x	0.84x
Garanti	GARAN	TRY	99.95	419,790	68.3%	233.4%	71.3%	2.84x	4.68x	3.27x	1.00x	1.43x	1.07x
Isbank	ISCTR	TRY	15.51	387,750	72.8%	192.0%	66.0%	3.23x	4.35x	2.85x	0.87x	1.21x	0.84x
PKO	PKO	PLN	56.94	71,175	15.6%	61.2%	13.2%	11.44x	6.95x	7.05x	1.39x	1.39x	1.30x
PEKAO	PEO	PLN	155.30	40,762	5.4%	46.7%	2.1%	6.07x	6.50x	6.89x	1.32x	1.28x	1.21x
Millennium	MIL	PLN	8.45	10,250	6.5%	79.4%	1.1%	17.78x	3.87x	4.46x	1.47x	1.43x	1.19x
Mbank	MBK	PLN	601.00	25,522	8.1%	58.3%	12.3%	na	4.96x	5.75x	1.65x	1.70x	1.28x
BRD	BRD	RON	19.90	13,868	15.7%	61.3%	11.0%	7.62x	9.47x	9.78x	1.42x	1.46x	1.37x
Banca Transilvania	TLV	RON	33.05	26,396	43.2%	98.4%	36.2%	7.76x	9.08x	8.62x	1.82x	1.84x	1.57x
Komercni	KOMB	CZK	765.00	145,388	7.3%	13.7%	5.6%	8.76x	9.58x	9.15x	1.09x	1.16x	1.15x
Mean								6.67x	5.70x	5.41x	1.23x	1.36x	1.14x
Median								5.43x	4.68x	4.46x	1.19x	1.39x	1.19x

Source: Bloomberg, S&P Capital IQ

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