



Economy

Tourism revenues estimated at US\$ 274mn in Nov-23

Tourism revenues stood at US\$ 274.0mn (+20.9% y/y, excluding migration effect) in Nov-23, according to our estimates. Overall, tourism revenues came in at US\$ 3.9bn (+22.4% y/y) in 10M23. We forecast tourism revenues at US\$ 4.2bn (+19.0% y/y) for the full year 2023 and at US\$ 4.5bn (+7.0% y/y) for 2024.

International reserves at US\$ 5.1bn in Nov-23

Gross international reserves increased by 10.5% y/y to US\$ 5.1bn in Nov-23, according to NBG. On a monthly basis, the reserves increased slightly by 0.1% (+US\$ 2.9mn). Changes in reserves were attributed mainly to the government and banking sector FX operations.

FDI in Georgia at US\$ 316.0mn in 3Q23

FDI in Georgia stood at US\$ 316.0mn, decreasing by 61.5% y/y, according to Geostat's preliminary figures. Notably, the equity component surged by 151.2% y/y to US\$ 590.3mn and decline reflected a reduction in debt instruments (-US\$603.4mn) in 3Q23.

The financial sector was the largest FDI recipient at US\$ 80.2mn (25.4% of total), followed by transportation & storage at US\$ 61.9mn (19.6% of total) and ICT at US\$ 41.0mn (13.0% of total).

The USA topped the list of investors with US\$ 51.8mn (16.4% of total), followed by the UK (14.5% of total) and the Netherlands (14.3% of total).

Overall, in 9M23, FDI in Georgia came in at US\$ 1.4bn, which is equivalent of 6.3% of GDP.

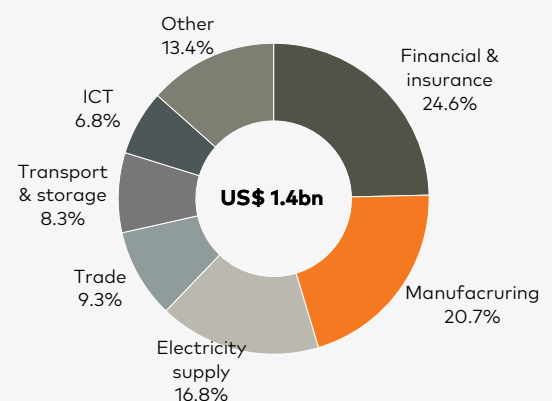
Key macro indicators

	2022	2023F
Real GDP growth (% change)	10.4%	6.8%
GDP per capita (ppp)	20,260	22,202
GDP per capita (US\$)	6,676	8,108
Population (mn)	3.7	3.7
Inflation (eop)	9.8%	0.8%
Gross reserves (US\$ bn)	4.9	5.2
CAD (% of GDP)	4.5%	4.5%
Fiscal deficit (% of GDP)	3.0%	2.8%
Total public debt (% of GDP)	39.5%	38.4%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

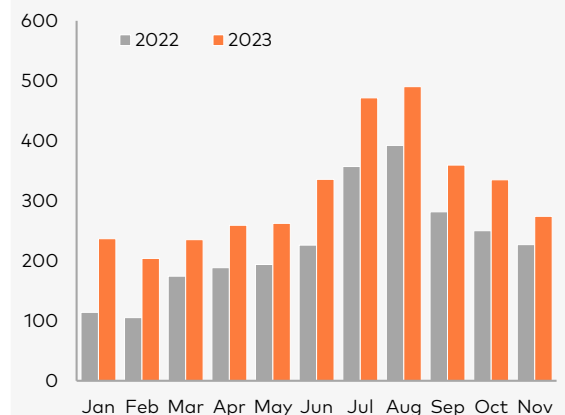
*Latest sovereign credit ratings

FDI by sector, 9M23



Source: Geostat

Tourism revenues, US\$ mn excluding migration effect



Source: NBG, Galt & Taggart



Money market

Ministry of Finance T-bills/T-notes:

2-year GEL 40.0mn (US\$ 14.8mn) Benchmark bonds were sold at the auction held at NBG on December 5, 2023. Total demand was 2.4x higher and the weighted average yield was fixed at 8.389%, unchanged from previous auction held in Nov-23.

6-month GEL 20.0mn (US\$ 7.4mn) T-Bills were sold at the auction held at NBG on December 5, 2023. Total demand was 3.0x higher and the weighted average yield was fixed at 9.068%, down by 0.206ppts from previous auction held in Nov-23.

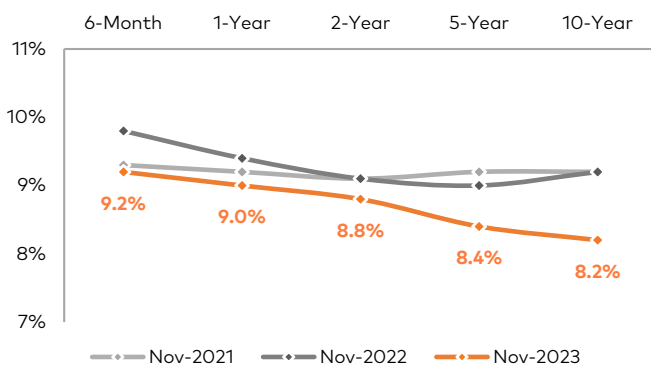
The nearest treasury security auction is scheduled for December 12, 2023, where GEL 20.0mn nominal value 1-year T-Bills and GEL 20.0mn nominal value 10-year Benchmark Bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	240	0	380
1-year	220	20	
2-year	507	0	
5-year	1,004	60	7,456
10-year	755	70	
Total	2,726	150	7,836

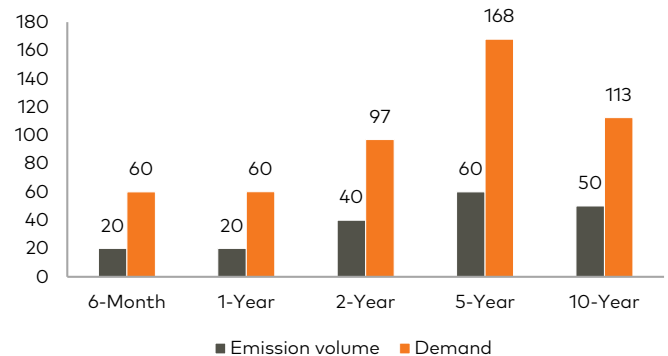
Source: MoF
*As of October 2023

T-bills / T-notes, yield curve



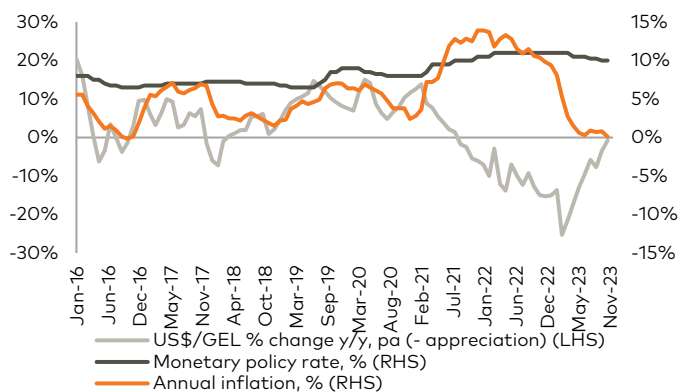
Source: NBG

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



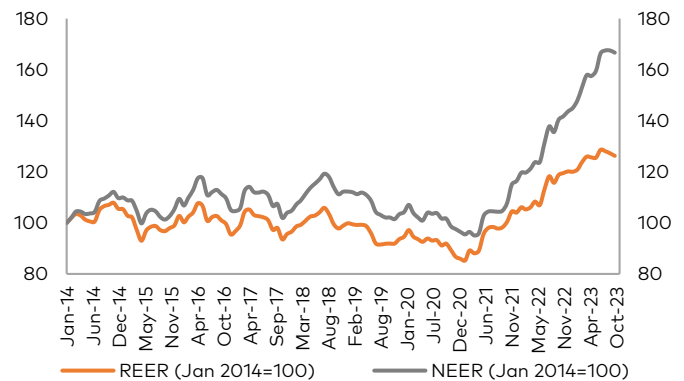
Source: NBG

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



Global fixed income markets

- US and European fixed income yields saw contrasting movements last week. While the 10-year US Treasury yield rose slightly from 4.21% to 4.26%, the 10-year German Bund (a European benchmark) yield declined from 2.36% to 2.27%

Sovereigns YTM, %	Last	4Q23F	1Q24F	2Q24F
US 2y Treasury	4.75	4.90	4.70	4.39
US 5y Treasury	4.27	4.56	4.37	4.16
US 10y Treasury	4.26	4.54	4.39	4.23
US 30y Treasury	4.34	4.69	4.57	4.42
German 2y Bund	2.69	3.00	2.95	2.79
German 10y Bund	2.27	2.64	2.56	2.51

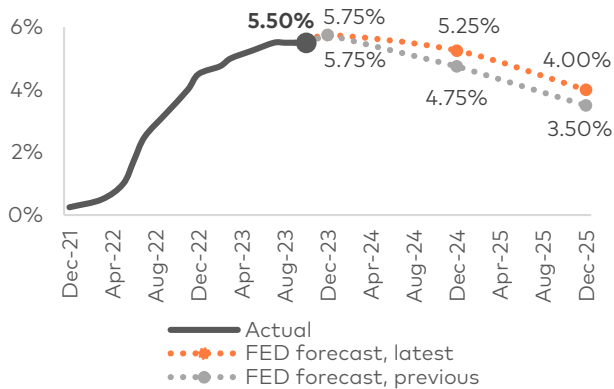
Interest rates, %	Last	1 week ago	1 month ago	1-Jan 2023
SOFR	5.32	5.37	5.32	4.30
EURIBOR (3 months)	3.97	3.96	3.99	2.13

Corporates YTM, %	Last	1 week ago	1 month ago	1-Jan 2023
US Inv. Grade	5.55	5.63	6.14	5.48
Eurozone Inv. Grade	3.95	3.97	4.38	4.04
EM Inv. Grade	5.57	5.68	6.13	5.46
US High Yield	8.37	8.46	9.01	8.99
EM High Yield	10.62	10.74	11.56	11.09

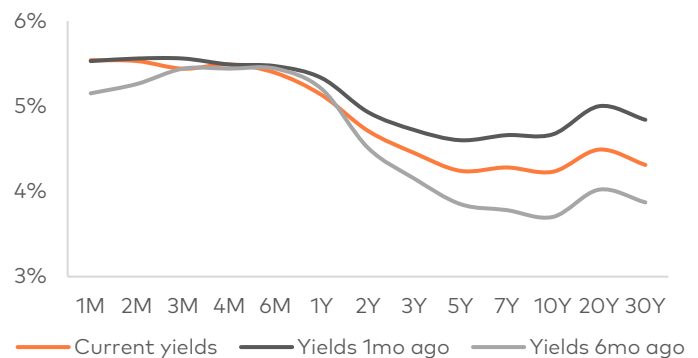
Source: Bloomberg

Note: For sovereign bond YTM's projections, we use median forecasts from top tier investment banks.

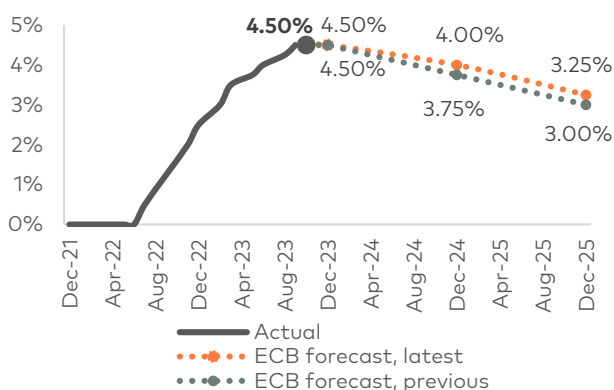
FED funds rate



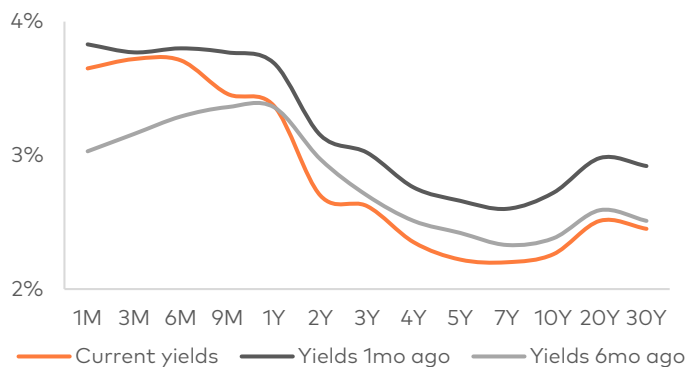
US treasuries yield curve



ECB main rate



German bonds yield curve



Source: FED, ECB, Bloomberg, Galt & Taggart



Fixed income

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Mood y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2	92.12	6.40	199.87
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/	87.73	7.23	320.78
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/	100.06	12.81	558.46
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/B1	98.97	8.75	451.44
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/Ba2	99.55	6.65	123.40
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/	98.63	13.32	729.88

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

Georgian local bonds performance

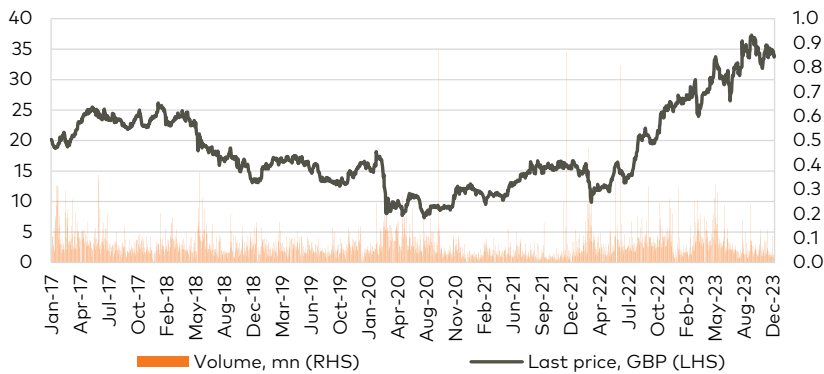
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-B+	99.75	6.75
IG Development	USD	15	6.75%	Jan-22	Jan-24	-/-/-	99.96	6.88
Geosteel	USD	15	9.00%	Apr-22	Apr-25	-/-/-	99.98	9.00
Energy Development Georgia	USD	10	8.50%	Jun-22	Jun-25	-/-/-	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-	99.85	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	-/-/-B+	100.00	8.50
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
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
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-	n/a	n/a
GEL								
Geo. Beer Company	GEL	25	Ref rate + 4.00%	Dec-18	Dec-23	-/-/-BB-	n/a	n/a
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-22	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	-/-/-B+	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

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



Equities

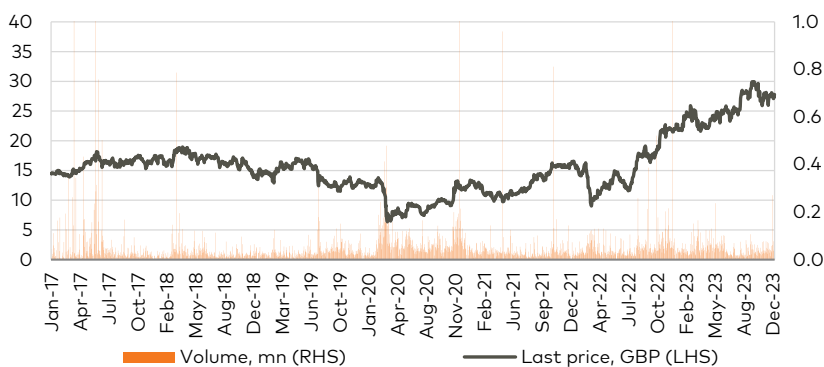
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 33.90/share (-2.59% w/w and -4.24% m/m). More than 171k shares traded in the range of GBP 32.95 - 35.00/share. Average daily traded volume was 45k in the last 4 weeks. The volume of BGEO shares traded was at 0.37% of its capitalization.

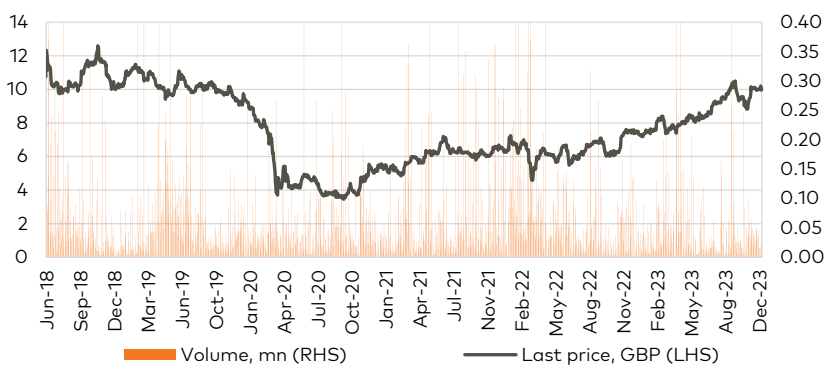
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 27.80/share (+1.09% w/w and +1.46% m/m). More than 222k shares changed hands in the range of GBP 26.60 - 27.80/share. Average daily traded volume was 55k in the last 4 weeks. The volume of TBCG shares traded was at 0.40% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 10.02/share (-0.20% w/w and -1.38% m/m). More than 102k shares traded in the range of GBP 9.85 - 10.50/share. Average daily traded volume was 31k in the last 4 weeks. The volume of CGEO shares traded was at 0.23% of its capitalization.



Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	33.90	1,555	11.1%	30.9%	30.1%	2.74x	3.95x	3.96x	0.90x	1.01x	0.83x
TBC	TBC	GBP	27.80	1,540	13.5%	26.9%	22.5%	4.10x	4.63x	4.13x	1.04x	1.12x	0.95x
Halyk Bank	HSBK	USD	13.90	3,791	9.6%	23.0%	25.2%	2.69x	2.53x	2.49x	0.78x	0.79x	0.67x
Akbank	AKBNK	TRY	34.96	181,792	87.5%	115.3%	78.8%	1.40x	2.99x	2.78x	0.55x	0.92x	0.76x
Garanti	GARAN	TRY	57.70	242,340	90.3%	121.8%	92.1%	1.91x	3.38x	2.97x	0.73x	1.29x	1.07x
Isbank	ISCTR	TRY	22.26	222,599	63.8%	121.5%	74.3%	0.84x	3.20x	3.07x	0.60x	0.92x	0.77x
PKO	PKO	PLN	49.54	61,925	40.3%	76.0%	63.6%	10.98x	9.19x	7.79x	1.03x	1.33x	1.25x
PEKAO	PEO	PLN	147.60	38,741	39.4%	79.0%	70.6%	na	6.46x	7.38x	na	1.31x	1.24x
Millennium	MIL	PLN	8.07	9,789	71.3%	79.9%	76.2%	na	3.19x	4.14x	1.04x	1.45x	1.29x
Mbank	MBK	PLN	560.00	23,780	47.5%	96.1%	89.2%	na	na	8.36x	1.10x	1.73x	1.43x
BRD	BRD	RON	17.48	12,182	38.7%	28.5%	34.5%	6.81x	7.96x	9.39x	1.31x	1.54x	1.50x
Banca Transilvania	TLV	RON	23.34	18,641	37.6%	24.5%	32.2%	na	7.02x	7.36x	1.60x	1.53x	1.44x
Komerční	KOMB	CZK	710.50	135,030	6.0%	10.7%	8.5%	8.36x	8.55x	9.39x	1.21x	1.01x	1.04x
Mean								4.42x	5.25x	5.63x	0.99x	1.23x	1.10x
Median								2.74x	4.29x	4.14x	1.04x	1.29x	1.07x

Source: Bloomberg, S&P Capital IQ

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