



Economy

Annual inflation was 0.3% y/y in Feb-24

In Feb-24, annual inflation came in at 0.3%, following zero inflation in previous month. The inflation observed in February was primarily driven, on one hand, by a 3.1% y/y decline in mixed goods prices and, on the other hand, by a 2.4% y/y inflation in domestically produced goods. However, the latter exhibits a deceleration trend. Notably, imported inflation turned positive in February (+0.2% y/y) for the first time since Feb-23. Core inflation, excluding volatile food, energy and tobacco stood at 2.4% y/y in Feb-24.

By categories, annual inflation in Feb-24 was mostly driven by price changes in food and non-alcoholic beverages (-3.5% y/y, -1.20ppts), transport (+4.8% y/y, +0.61ppts), alcoholic beverages & tobacco (+5.5% y/y, +0.37ppts), healthcare (+2.5% y/y, +0.22ppts), hotels & restaurants (+6.7% y/y, +0.21ppts) categories.

We forecast average annual inflation at 3.0% for 2024.

Tourism revenues estimated at US\$ 275mn in Feb-24

Tourism revenues increased by 14.4% y/y to US\$ 275mn (+34.6% y/y, excluding migration effect) in Feb-24, according to our estimates. Overall, in 2M24 tourism revenues reached US\$574mn (+10.7% y/y) by our estimates.

We forecast tourism revenues at US\$ 4.5bn (+10.0% y/y) for 2024.

International reserves at US\$ 4.7bn in Feb-24

Gross international reserves increased by 0.6% y/y to US\$ 4.7bn in Feb-24, according to NBG. Meanwhile, on a monthly basis, the reserves reduced by 2.2% (-US\$ 106.9mn). Changes in reserves were attributed to the government and banking sector FX operations.

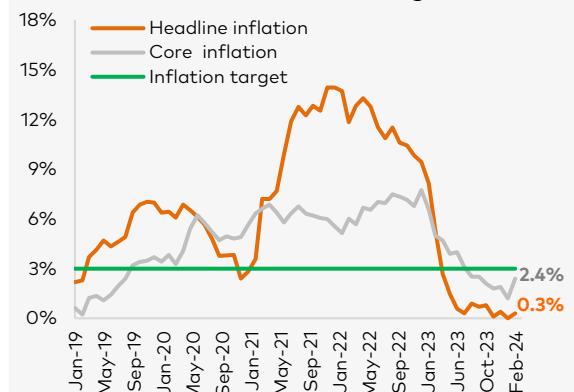
Key macro indicators

	2023E	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	22,371	24,969
GDP per capita (US\$)	8,170	8,906
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	5.2
CAD (% of GDP)	4.5%	4.7%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.1%	38.0%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

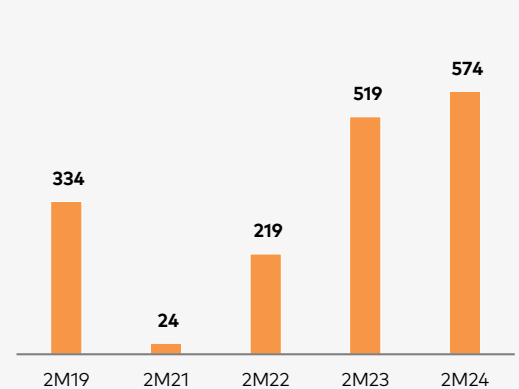
*Latest sovereign credit ratings

Annual inflation in Georgia



Source: Geostat, NBG

Tourism revenues, US\$ mn



Source: NBG, Galt & Taggart

Money market

Ministry of Finance T-bills/T-notes:

2.9-year GEL 50.0mn (US\$ 18.8mn) Benchmark bonds were sold at the auction held at NBG on March 5, 2024. Total demand was 3.0x higher and the weighted average yield was fixed at 8.146%, down by 0.064ppts from previous auction held in Jan-24.

6-month GEL 20.0mn (US\$ 7.5mn) T-Bills were sold at the auction held at NBG on March 5, 2024. Total demand was 2.3x higher and the weighted average yield was fixed at 8.293%, down by 0.052ppts from previous auction held in Jan-24.

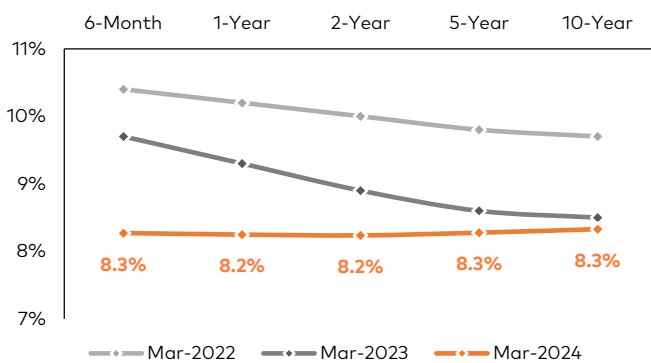
The nearest treasury security auction is scheduled for March 12, 2024, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

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)	150	380	410
Long-term (over 1-year)	677	2,670	7,569
Total	827	3,050	7,979

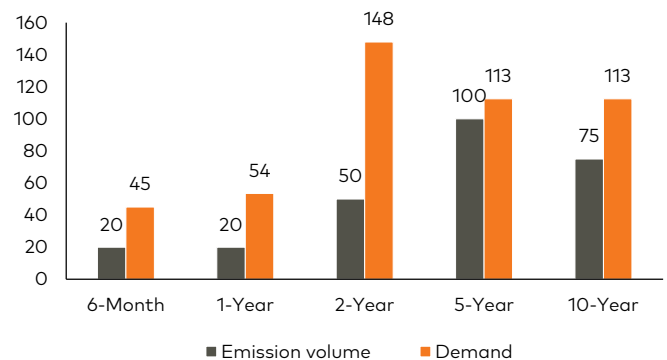
Source: MoF
*As of January 2024

T-bills / T-notes, yield curve



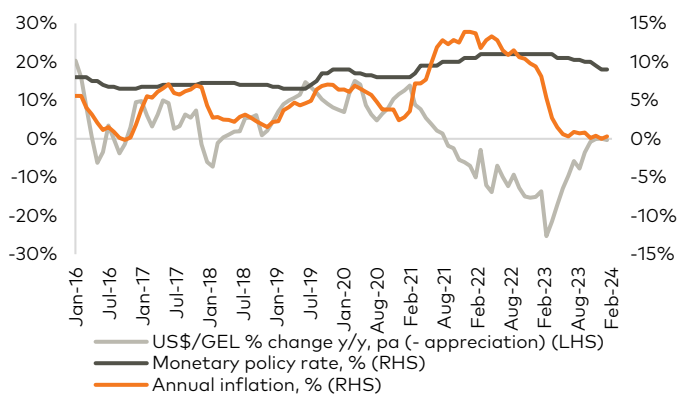
Source: NBG

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



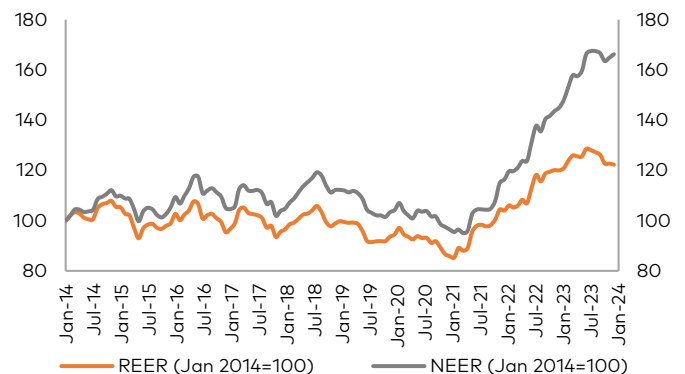
Source: NBG

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 (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	93.22	6.22	188.27
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/-	91.01	6.44	254.17
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-	100.85	12.76	260.59
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	101.13	7.93	324.05
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/-/Ba2	99.71	6.76	136.18
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.17	13.19	513.50

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

Georgian local bonds performance

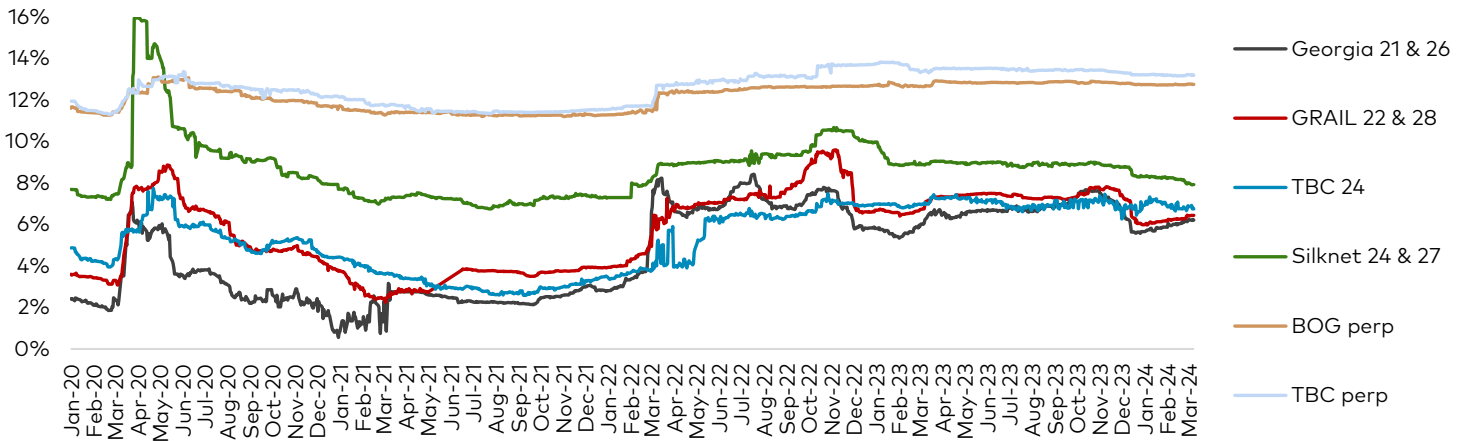
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/B+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-/-	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	-/-/-/B+	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
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-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-/-/B-	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/-/B-	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

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



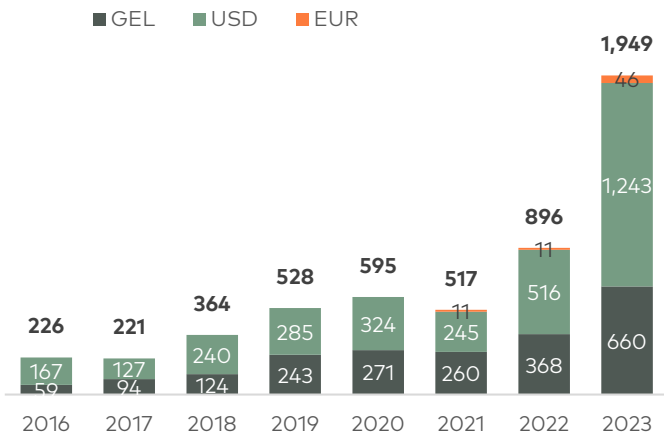
Fixed income

Georgian Eurobonds, YTM



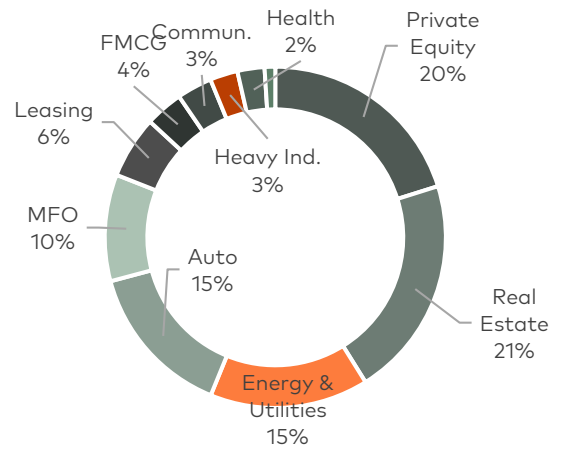
Source: Bloomberg

Georgian corporate public bonds outstanding, GEL mn



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

Georgian corporate public bonds outstanding by sector

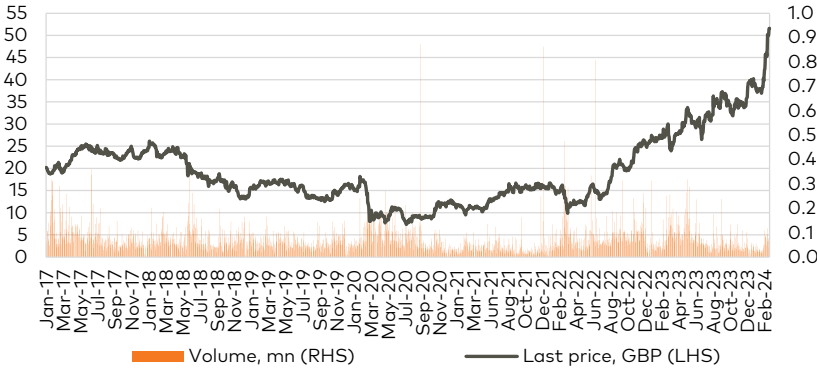


Source: Galt & Taggart



Equities

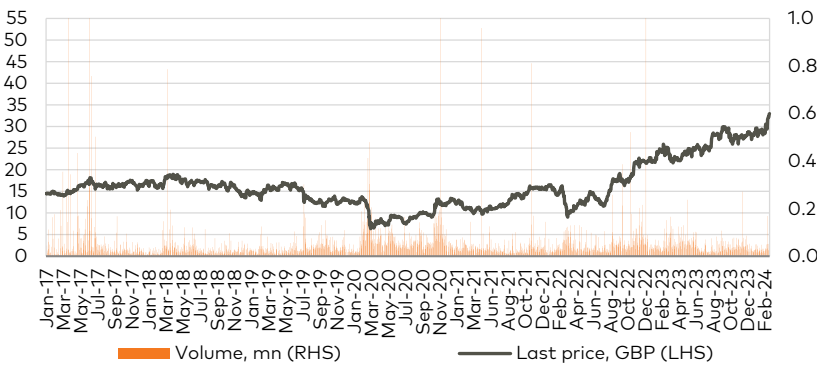
Bank of Georgia Group (BGE0 LN)



Bank of Georgia Group (BGE0 LN) shares closed at GBP 51.60/share (+2.79% w/w and +39.65% m/m). More than 283k shares traded in the range of GBP 49.50 - 51.90/share. Average daily traded volume was 63k in the last 4 weeks. The volume of BGE0 shares traded was at 0.62% of its capitalization.

Source: Bloomberg

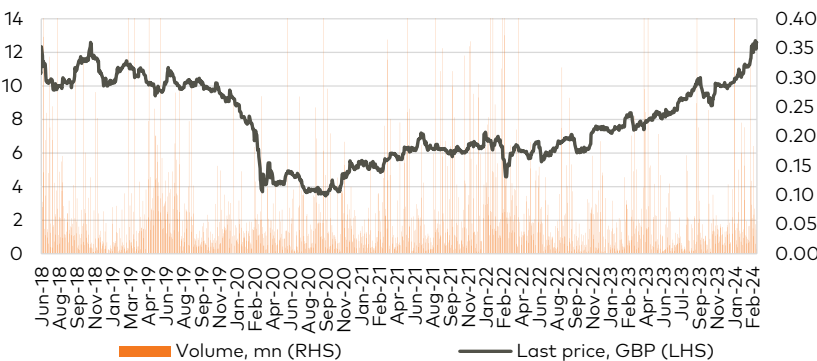
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 33.00/share (+4.27% w/w and +15.18% m/m). More than 161k shares changed hands in the range of GBP 31.40 - 33.40/share. Average daily traded volume was 37k in the last 4 weeks. The volume of TBCG shares traded was at 0.29% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 12.60/share (+1.45% w/w and +12.50% m/m). More than 173k shares traded in the range of GBP 12.14 - 12.80/share. Average daily traded volume was 73k in the last 4 weeks. The volume of CGEO shares traded was at 0.41% 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		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	51.60	2,359	52.0%	87.0%	29.8%	2.74x	6.10x	6.05x	0.90x	na	na
TBC	TBC	GBP	33.00	1,828	20.2%	35.2%	16.6%	4.10x	5.57x	4.98x	1.04x	na	na
Halyk Bank	HSBK	USD	17.64	4,811	28.2%	64.9%	16.4%	2.69x	3.01x	3.12x	0.78x	1.00x	0.85x
Akbank	AKBNK	TRY	41.84	217,568	29.5%	109.9%	14.6%	1.40x	3.04x	3.01x	0.55x	1.00x	0.97x
Garanti	GARAN	TRY	63.50	266,700	21.4%	125.0%	8.8%	1.91x	3.37x	3.66x	0.73x	1.07x	0.91x
Isbank	ISCTR	TRY	10.86	271,500	9.9%	90.3%	16.2%	0.84x	3.72x	3.34x	0.60x	1.08x	0.93x
PKO	PKO	PLN	53.36	66,700	51.7%	71.6%	6.0%	10.98x	8.27x	7.61x	1.03x	1.43x	1.34x
PEKAO	PEO	PLN	167.10	43,859	67.2%	83.4%	9.9%	na	6.88x	7.54x	na	1.47x	1.38x
Millennium	MIL	PLN	9.85	11,949	77.0%	113.7%	17.9%	na	3.78x	4.76x	1.04x	1.76x	1.56x
Mbank	MBK	PLN	688.00	29,216	72.6%	113.8%	28.6%	na	9.40x	8.86x	1.10x	2.13x	1.78x
BRD	BRD	RON	19.90	13,868	35.7%	53.5%	11.0%	6.81x	8.73x	10.28x	1.31x	1.74x	1.44x
Banca Transilvania	TLV	RON	26.96	21,532	23.1%	57.8%	11.1%	na	7.24x	8.06x	1.60x	1.72x	1.56x
Komerčni	KOMB	CZK	805.00	152,990	18.5%	6.6%	11.1%	8.36x	9.44x	10.24x	1.21x	1.13x	1.22x
Mean								4.42x	6.04x	6.27x	0.99x	1.41x	1.27x
Median								2.74x	6.10x	6.05x	1.04x	1.43x	1.34x

Source: Bloomberg, S&P Capital IQ

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