



## Economy

### Tourism revenues estimated at US\$ 335mn in Oct-23

Tourism revenues stood at US\$ 335.0mn (flat y/y) in Oct-23, according to our estimates. Overall, tourism revenues came in at US\$ 3.6bn (+25.8% 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 Oct-23

Gross international reserves increased by 16.7% y/y to US\$ 5.1bn in Oct-23, according to NBG. On a monthly basis, the reserves reduced by 2.9% (-US\$ 154.4mn). Notably, there were 2 FX auctions in October, where NBG sold US\$ 84.9mn. Other changes in reserves were attributed to the government and banking sector FX operations, likely also to NBG's FX trading via BMatch platform (information will be available on 27 November).

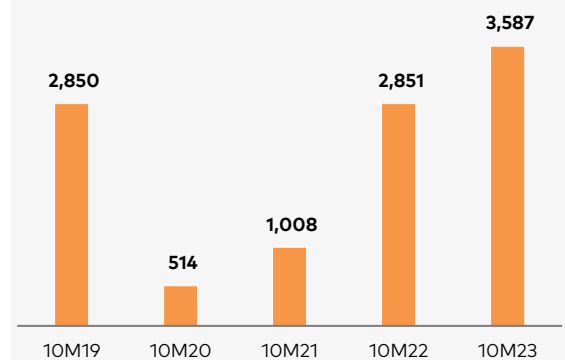
### Key macro indicators

|                              | 2022       | 2023F  |
|------------------------------|------------|--------|
| Real GDP growth (% change)   | 10.1%      | 6.8%   |
| GDP per capita (ppp)         | 20,243     | 22,043 |
| GDP per capita (US\$)        | 6,672      | 8,050  |
| Population (mn)              | 3.7        | 3.7    |
| Inflation (eop)              | 9.8%       | 0.8%   |
| Gross reserves (US\$ bn)     | 4.9        | 5.3    |
| CAD (% of GDP)               | 4.6%       | 4.5%   |
| Fiscal deficit (% of GDP)    | 3.1%       | 2.8%   |
| Total public debt (% of GDP) | 39.8%      | 38.4%  |
| Fitch/S&P/Moody's*           | BB/BB/Baa2 |        |

Source: Official data, Rating agencies, Galt & Taggart

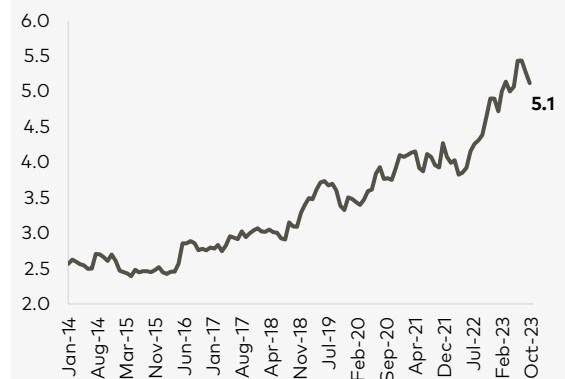
\*Latest sovereign credit ratings

### Tourism revenues, US\$ mn



Source: NBG, Galt & Taggart

### Gross international reserves, US\$ bn



Source: NBG



## 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 November 7, 2023. Total demand was 3.3x higher and the weighted average yield was fixed at 8.387%, slightly up by 0.012ppts from previous auction held in Oct-23.

6-month GEL 20.0mn (US\$ 7.4mn) T-Bills were sold at the auction held at NBG on November 7, 2023. Total demand was 3.0x higher and the weighted average yield was fixed at 9.274%, down by 0.186ppts from previous auction held in Oct-23.

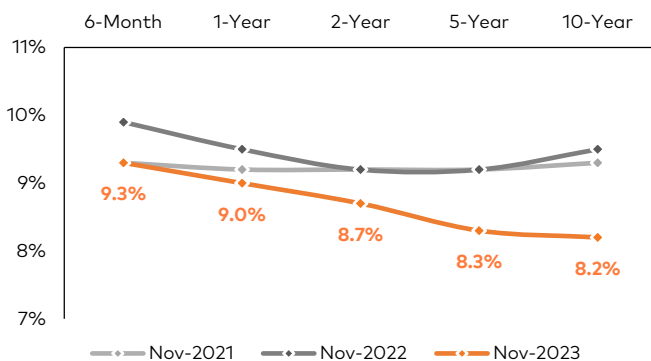
The nearest treasury security auction is scheduled for November 14, 2023, where GEL 20.0mn nominal value 1-year T-Bills and GEL 20.0mn nominal value 10-year Benchmark Bonds will be sold.

### T-bills / T-notes in 2023

| Maturity     | YTD placements, GEL mn | Remaining placements, GEL mn | Outstanding amount, GEL mn* |
|--------------|------------------------|------------------------------|-----------------------------|
| 6-month      | 220                    | 20                           | 390                         |
| 1-year       | 200                    | 40                           |                             |
| 2-year       | 467                    | 40                           |                             |
| 5-year       | 938                    | 120                          | 7,311                       |
| 10-year      | 685                    | 140                          |                             |
| <b>Total</b> | <b>2,510</b>           | <b>360</b>                   | <b>7,701</b>                |

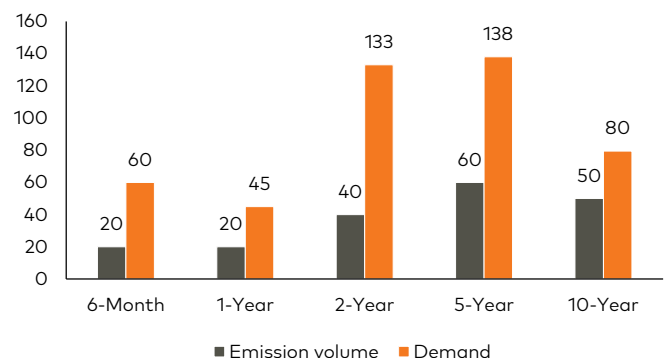
Source: MoF  
\*As of September 2023

### T-bills / T-notes, yield curve



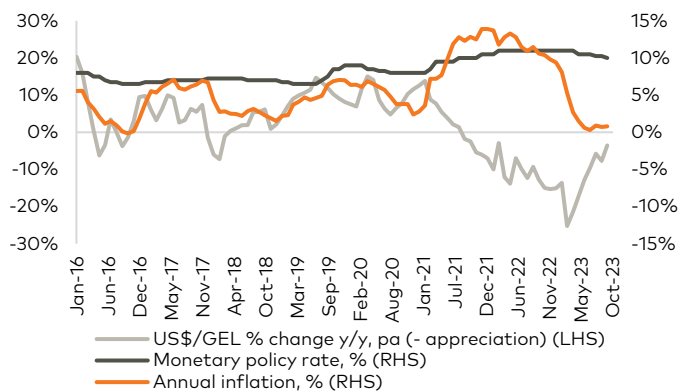
Source: NBG

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



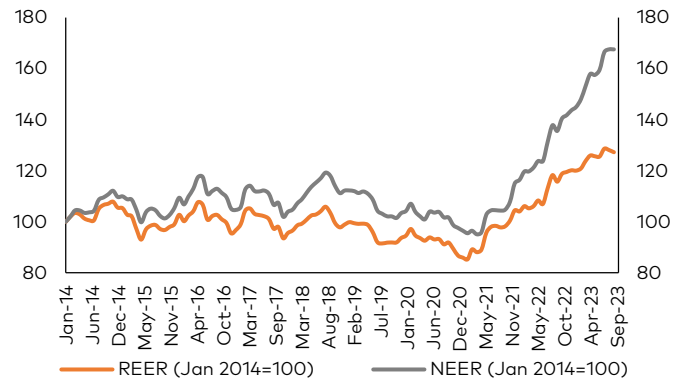
Source: NBG

### 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

### Last week:

- The 10-year US Treasury yield rose from 4.54% to 4.61%, while the 10-year German Bund (a European benchmark) yield reached 2.72% from past week's 2.64%.
- The Fed Chair Powell made important comments. He claimed that the Fed policymakers are "not confident" that current rates are restrictive enough to bring inflation to target 2%. This, along with a weaker-than-expected demand on 30-year Treasury auction, drove the yields higher.
- The consensus expectation for Fed's next meeting remains "no change" based on the market-implied probability.

| Sovereigns YTM, % | Last | 4Q23F | 1Q24F | 2Q24F |
|-------------------|------|-------|-------|-------|
| US 2y Treasury    | 5.03 | 4.93  | 4.61  | 4.23  |
| US 5y Treasury    | 4.64 | 4.52  | 4.29  | 4.03  |
| US 10y Treasury   | 4.61 | 4.52  | 4.31  | 4.09  |
| US 30y Treasury   | 4.72 | 4.71  | 4.54  | 4.33  |
| German 2y Bund    | 3.06 | 2.95  | 2.77  | 2.52  |
| German 10y Bund   | 2.72 | 2.64  | 2.52  | 2.40  |

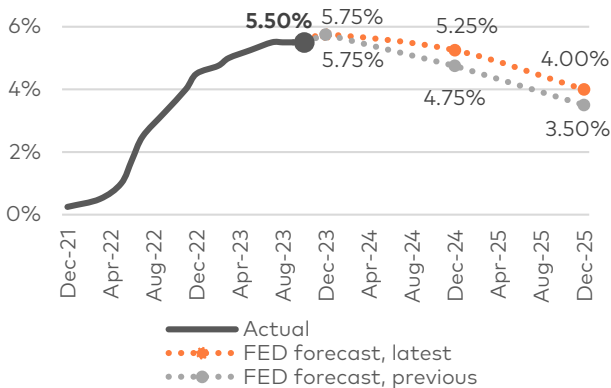
| Interest rates, %  | Last | 1 week ago | 1 month ago | 1-Jan 2023 |
|--------------------|------|------------|-------------|------------|
| SOFR               | 5.32 | 5.32       | 5.31        | 4.30       |
| EURIBOR (3 months) | 3.99 | 3.96       | 3.99        | 2.13       |

| Corporates YTM, %   | Last  | 1 week ago | 1 month ago | 1-Jan 2023 |
|---------------------|-------|------------|-------------|------------|
| US Inv. Grade       | 6.15  | 6.06       | 6.15        | 5.48       |
| Eurozone Inv. Grade | 4.38  | 4.32       | 4.34        | 4.04       |
| EM Inv. Grade       | 6.12  | 6.07       | 6.18        | 5.46       |
| US High Yield       | 9.02  | 8.91       | 9.16        | 8.99       |
| EM High Yield       | 11.52 | 11.43      | 11.86       | 11.09      |

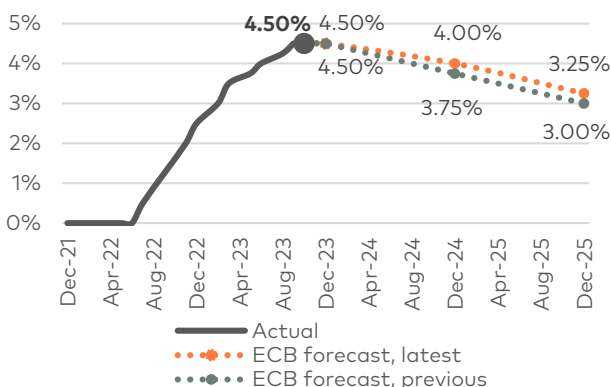
Source: Bloomberg

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

**FED funds rate**

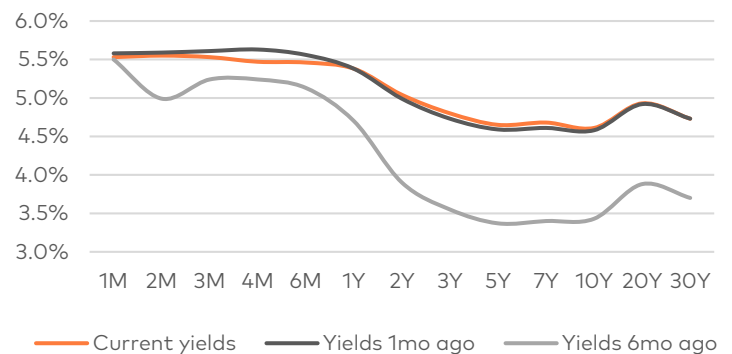


**ECB main rate**



Source: FED, ECB, Bloomberg, Galt & Taggart

**US treasuries yield curve**



**German bonds yield curve**





## Fixed income

### Georgian Eurobonds performance

| Issuer            | Currency | Amount, mn | Coupon  | Issue date | Maturity date | Ratings<br>(Fitch/S&P/Mood<br>y/Scope) | Mid price | Mid yield, % | Z-spread, bps |
|-------------------|----------|------------|---------|------------|---------------|--|-----------|--------------|---------------|
| GEORG 04/26       | USD      | 500        | 2.750%  | Apr-21     | Apr-26        | BB/BB/Ba2                              | 90.05     | 7.28         | 255.98        |
| GRAIL 06/28       | USD      | 500        | 4.000%  | Apr-21     | Jun-28        | BB-/BB-/                               | 85.53     | 7.81         | 341.57        |
| GEBGG 11 1/8 PERP | USD      | 100        | 11.125% | Mar-19     | n/a           | B-/-/                                  | 99.59     | 12.85        | 631.69        |
| SILKNET 01/27     | USD      | 300        | 8.375%  | Jan-22     | Jan-27        | BB-/B1                                 | 98.65     | 8.86         | 427.89        |
| TBC 06/24         | USD      | 300        | 5.750%  | Jun-19     | Jun-24        | BB-/Ba2                                | 99.22     | 7.10         | 161.74        |
| TBC PERP          | USD      | 125        | 10.775% | Jul-19     | n/a           | B-/-/                                  | 97.89     | 13.39        | 794.53        |

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

### Georgian local bonds performance

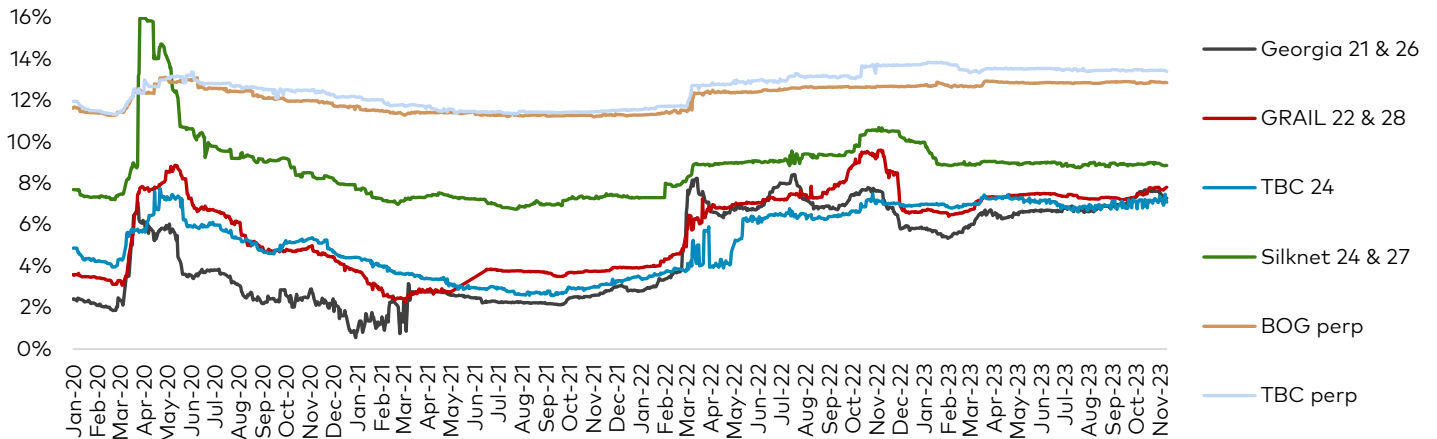
| Issuer                        | Currency | Amount, mn | Coupon           | Issue date | Maturity date | Ratings<br>(Fitch/S&P/Moody/<br>Scope) | Mid price | Mid yield, % |
|-------------------------------|----------|------------|------------------|------------|---------------|--|-----------|--------------|
| <b>USD</b>                    |          |            |                  |            |               |  |           |              |
| 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+                                | 99.73     | 6.75         |
| IG Development                | USD      | 15         | 6.75%            | Jan-22     | Jan-24        | -/-/-                                  | 99.88     | 7.13         |
| Geosteel                      | USD      | 15         | 9.00%            | Apr-22     | Apr-25        | -/-/-                                  | 100.00    | 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        | -/-/-                                  | 99.81     | 8.75         |
| Georgia Real Estate           | USD      | 35         | 8.50%            | Oct-22     | Oct-24        | -/-/-                                  | 99.99     | 8.50         |
| Geo. Renewable Power Oper.    | USD      | 80         | 7.00%            | Oct-22     | Oct-27        | -/-/-                                  | 100.00    | 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        | -/-/-                                  | 100.00    | 9.00         |
| Tegeta Motors                 | USD      | 20         | 8.50%            | Apr-23     | Apr-25        | -/-/-BB-                               | 100.00    | 8.50         |
| Georgia Capital               | USD      | 150        | 8.50%            | Aug-23     | Aug-28        | -/BB-/                                 | 101.20    | 8.19         |
| Silk Real Estate              | USD      | 20         | 9.25%            | Sep-23     | Sep-26        | -/-/-                                  | 101.21    | 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          |
| <b>EUR</b>                    |          |            |                  |            |               |  |           |              |
| Tegeta Motors                 | EUR      | 5          | 7.00%            | Apr-23     | 25-Apr        | -/-/-BB-                               | 100       | 7            |
| <b>GEL</b>                    |          |            |                  |            |               |  |           |              |
| 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



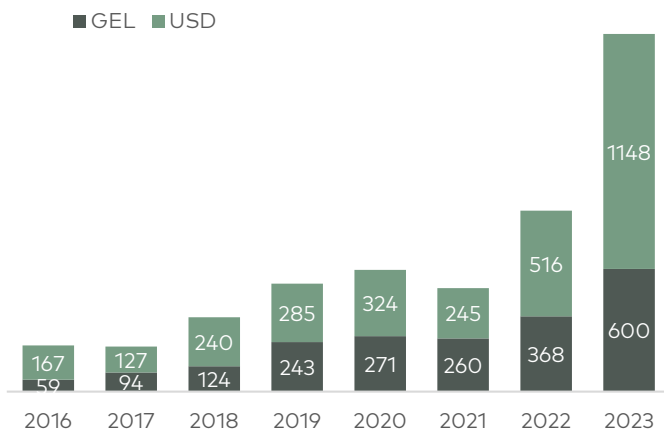
## Fixed income

**Georgian Eurobonds, YTM**



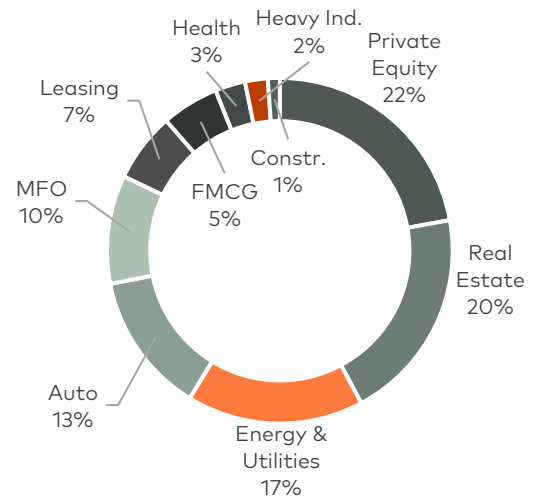
Source: Bloomberg

**Georgian corporate public bonds outstanding, GEL mn**



Source: Galt & Taggart  
Note: Latest 2023

**Georgian corporate public bonds outstanding by sector**

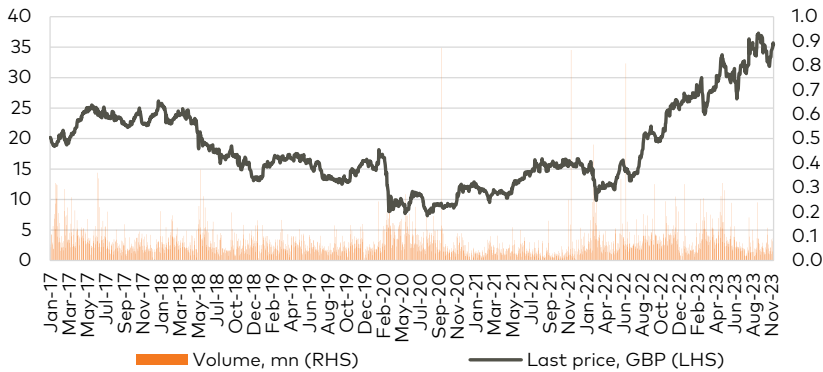


Source: Galt & Taggart



## Equities

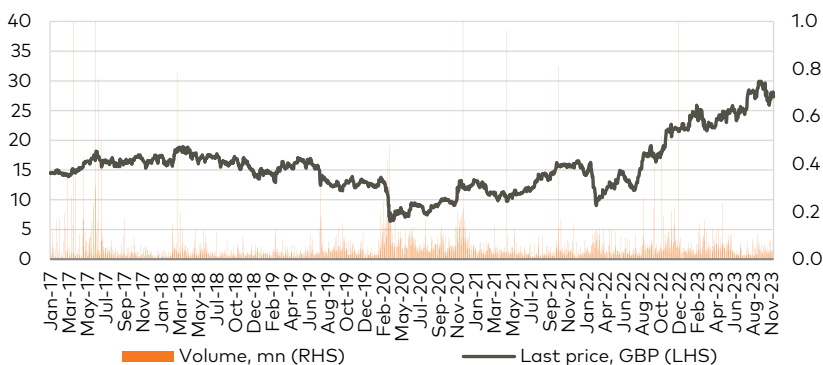
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 35.35/share (+2.61% w/w and unchanged m/m). More than 281k shares traded in the range of GBP 34.35 - 36.15/share. Average daily traded volume was 59k in the last 4 weeks. The volume of BGEO shares traded was at 0.61% of its capitalization.

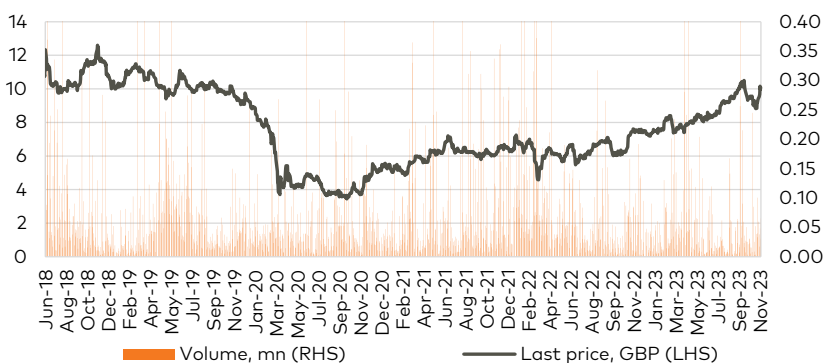
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 27.30/share (-1.44% w/w and -6.19% m/m). More than 224k shares changed hands in the range of GBP 26.50 - 28.65/share. Average daily traded volume was 39k 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 10.08/share (+7.01% w/w and +7.01% m/m). More than 199k shares traded in the range of GBP 9.46 - 10.20/share. Average daily traded volume was 46k in the last 4 weeks. The volume of CGEO shares traded was at 0.46% 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      | 35.35       | 1,622    | 12.2%  | 43.1%   | 35.7%   | 2.74x        | 4.01x        | 4.17x        | 0.90x        | 1.05x        | 0.88x        |
| TBC                | TBC    | GBP      | 27.30       | 1,512    | 12.6%  | 24.7%   | 20.3%   | 4.10x        | 4.48x        | 3.99x        | 1.04x        | 1.08x        | 0.92x        |
| Halyk Bank         | HSBK   | USD      | 12.88       | 3,512    | -6.0%  | 25.8%   | 16.0%   | 2.69x        | 2.35x        | 2.31x        | 0.78x        | 0.73x        | 0.62x        |
| Akbank             | AKBNK  | TRY      | 28.98       | 150,696  | 72.4%  | 87.8%   | 48.2%   | 1.40x        | 2.12x        | 2.45x        | 0.55x        | 0.74x        | 0.63x        |
| Garanti            | GARAN  | TRY      | 47.80       | 200,760  | 68.4%  | 91.5%   | 59.1%   | 1.91x        | 2.86x        | 3.01x        | 0.73x        | 1.07x        | 0.89x        |
| Isbank             | ISCTR  | TRY      | 20.08       | 200,799  | 56.6%  | 113.6%  | 57.2%   | 0.84x        | 2.76x        | 2.80x        | 0.60x        | 0.82x        | 0.69x        |
| PKO                | PKO    | PLN      | 43.80       | 54,750   | 40.5%  | 58.7%   | 44.6%   | 10.98x       | 8.91x        | 7.94x        | 1.03x        | 1.18x        | 1.14x        |
| PEKAO              | PEO    | PLN      | 129.50      | 33,990   | 35.6%  | 57.9%   | 49.7%   | na           | 5.71x        | 7.11x        | na           | 1.14x        | 1.10x        |
| Millennium         | MIL    | PLN      | 7.40        | 8,977    | 54.8%  | 47.1%   | 61.6%   | na           | 3.04x        | 3.92x        | 1.04x        | 1.31x        | 1.20x        |
| Mbank              | MBK    | PLN      | 523.40      | 22,226   | 47.4%  | 63.6%   | 76.8%   | na           | 6.23x        | 6.87x        | 1.10x        | 1.42x        | 1.25x        |
| BRD                | BRD    | RON      | 17.40       | 12,126   | 45.0%  | 38.8%   | 33.8%   | 6.81x        | 8.19x        | 9.48x        | 1.31x        | 1.58x        | 1.57x        |
| Banca Transilvania | TLV    | RON      | 22.60       | 18,050   | 34.1%  | 30.8%   | 28.0%   | na           | 6.93x        | 7.11x        | 1.60x        | 1.46x        | 1.35x        |
| Komerční           | KOMB   | CZK      | 668.00      | 126,953  | -3.0%  | -12.5%  | 2.0%    | 8.36x        | 7.96x        | 8.76x        | 1.21x        | 1.01x        | 0.97x        |
| <b>Mean</b>        |        |          |             |          |        |         |         | <b>4.42x</b> | <b>5.04x</b> | <b>5.38x</b> | <b>0.99x</b> | <b>1.12x</b> | <b>1.02x</b> |
| <b>Median</b>      |        |          |             |          |        |         |         | <b>2.74x</b> | <b>4.48x</b> | <b>4.17x</b> | <b>1.04x</b> | <b>1.08x</b> | <b>0.97x</b> |

Source: Bloomberg, S&P Capital IQ



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