



Economy

Trade deficit narrowed by 4.4% y/y in May-24

In May-24, goods exports reduced by 5.7% y/y to US\$ 510.8mn, after a 12.7% y/y decline in previous month. Similarly, imports decreased by 4.9% y/y to US\$ 1.3bn, reversing from a 13.8% y/y growth in April. Consequently, the trade deficit narrowed by 4.4% y/y to US\$ 754.6mn in May-24.

Overall, in 5M24, trade deficit increased by 7.1% y/y to US\$ 3.9bn, as exports declined by 9.2% y/y to US\$ 2.3bn, while imports increased slightly by 0.5% y/y to US\$ 6.1bn.

FDI in Georgia stood at US\$ 201.4mn in 1Q24

FDI in Georgia decreased by 64.4% y/y to US\$ 201.4mn. This reflects a 46.6% y/y reduction in equity component due to last year's high base (Indorama's purchase of JSC Rustavi Azot) and a 17.3% y/y drop in reinvestment, according to Geostat's preliminary figures. Additionally, a technical reduction in the financial sector, stemming from the purchase of Ameria Bank, contributed to the overall decrease.

The energy sector was the largest FDI recipient at US\$ 78.7mn (+21.4% y/y), followed by trade at US\$ 39.5mn (-56.5% y/y), transportation & storage at US\$ 38.8mn (-10.4% y/y) and manufacturing at US\$ 25.3mn (-88.8% y/y).

The Türkiye topped the list of investors with US\$ 42.4mn (21.0% of total FDI), followed by the Czech Republic (US\$ 41.5mn, 20.6% of total), USA (US\$ 33.7mn, 16.7% of total) and the Netherlands (US\$ 32.3mn, 16.1% of total).

NBG sold US\$ 60.0mn

On June 11, 2024, the NBG sold US\$ 60mn in an FX auction. According to the NBG, this intervention aimed to mitigate the negative impact on market expectations from large one-time transactions. This sale marks the 3rd sell-side intervention in FX auctions, cumulatively totaling US\$ 168.7mn year-to-date. In addition to auctions, the NBG has been a net buyer of US\$ 286.6mn through the BMatch platform in 4M24 (May figures will be available at end- June). Considering these figures and our estimates for May, the NBG remains a net buyer of US\$ 90mn year-to-date.

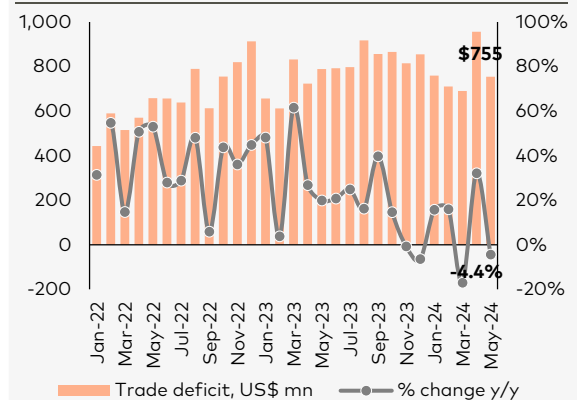
Key macro indicators

	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/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

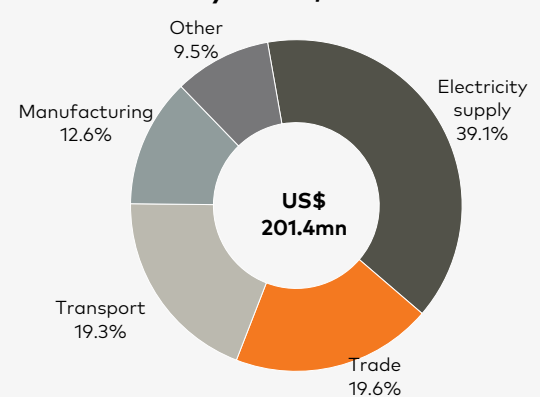
*Latest sovereign credit ratings

Goods trade deficit



Source: Geostat

FDI by sector, 1Q24



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

10-year GEL 30.0mn (US\$ 10.5mn) Benchmark bonds were sold at the auction held at NBG on June 11, 2024. Total demand was 2.3x higher and the weighted average yield was fixed at 9.077%, up by 0.077ppts from previous auction held in May-24.

1-year GEL 20.0mn (US\$ 7.0mn) T-bills were sold at the auction held at NBG on June 11, 2024. Total demand was 3.0x higher and the weighted average yield was fixed at 7.948%, down by 0.115ppts from previous auction held in May-24.

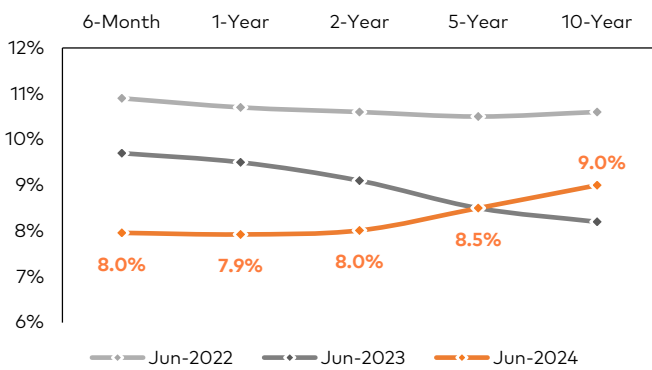
The nearest treasury security auction is scheduled for June 18, 2024, where GEL 75.0mn nominal value 7.1-year Benchmark Bonds will be sold.

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)	290	240	410
Long-term (over 1-year)	1,410	1,935	8,022
Total	1,700	2,175	8,432

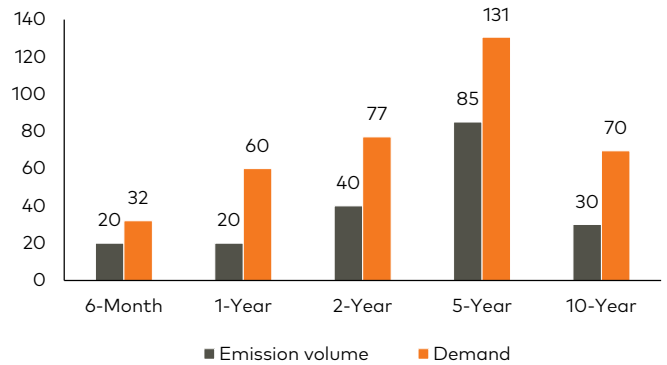
Source: MoF
*As of May 2024

T-bills / T-notes, yield curve



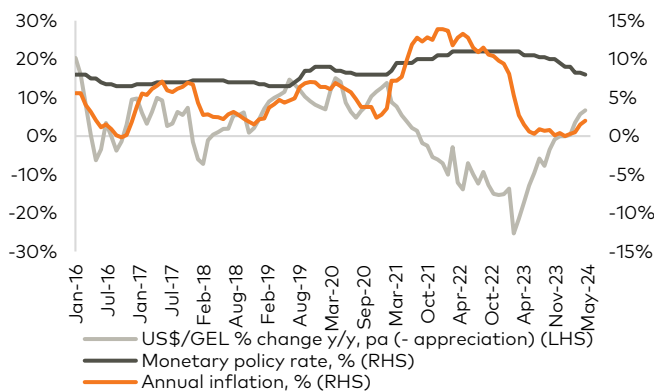
Source: NBG

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



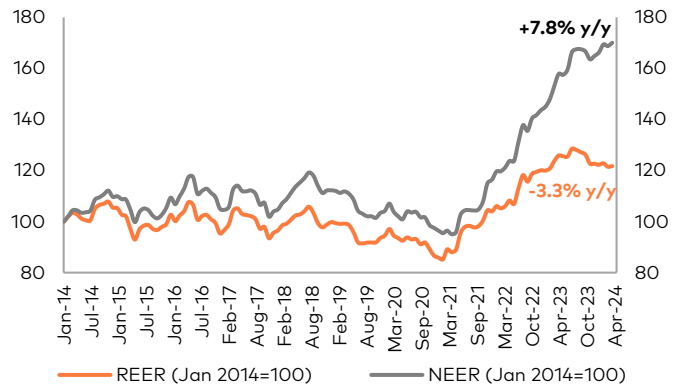
Source: NBG

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	91.39	7.85	325.45
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	88.14	7.49	340.16
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.77	10.07	605.58
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	99.88	8.42	405.70
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	99.91	10.85	549.55
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.30	10.99	662.34
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.40	10.64	654.68

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

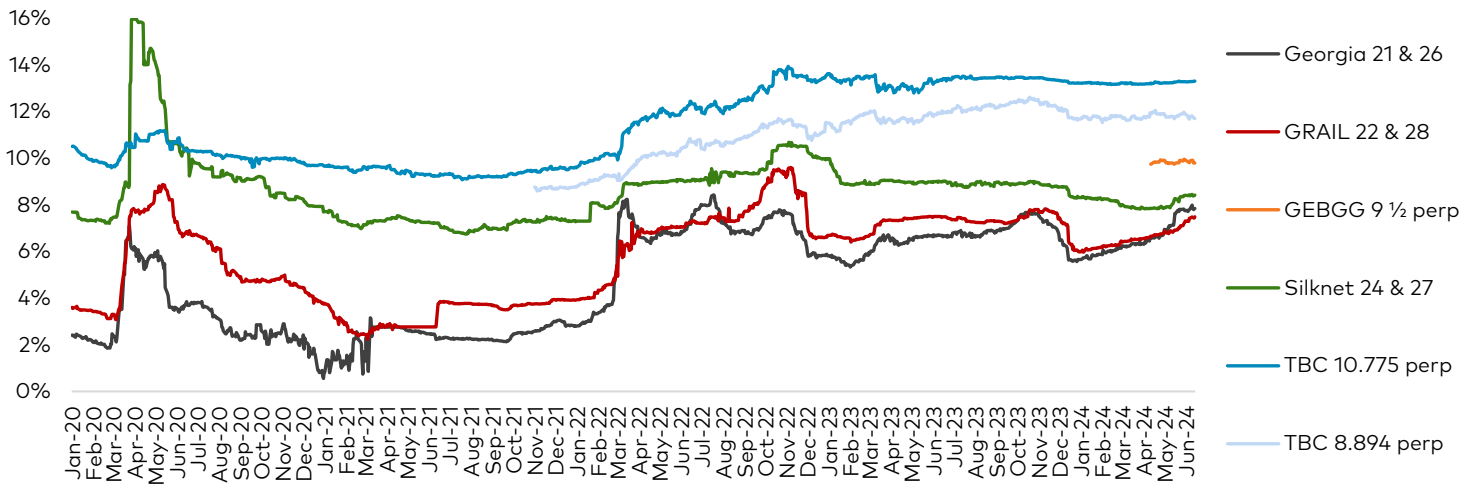
Georgian local bonds performance

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	-/-/-/-	99.92	8.75
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	99.97	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+	99.99	8.50
Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-/-	99.99	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-	99.77	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-/-/	101.08	8.19
Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-/-	100.91	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	-/-/-/-	99.63	8.75
IG Development	USD	20	8.50%	Dec-23	Dec-25	-/-/-/-	99.61	8.75
EUR								
Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/-/BB-	99.77	7.25
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/-/BB-	99.63	7.25
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/-/BB-	100.37	6.50
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-/-	99.60	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-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
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

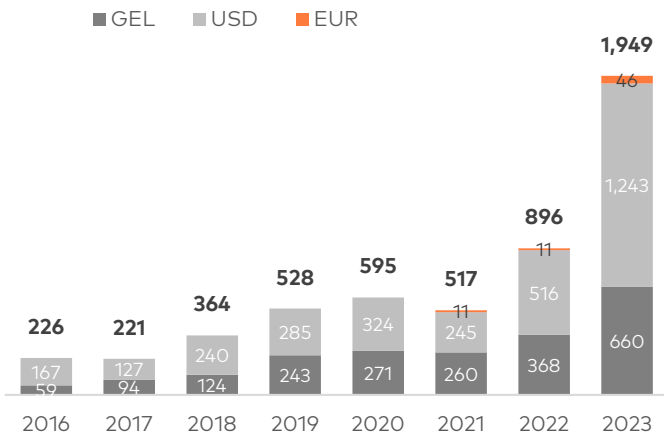
Fixed income

Georgian Eurobonds, YTM



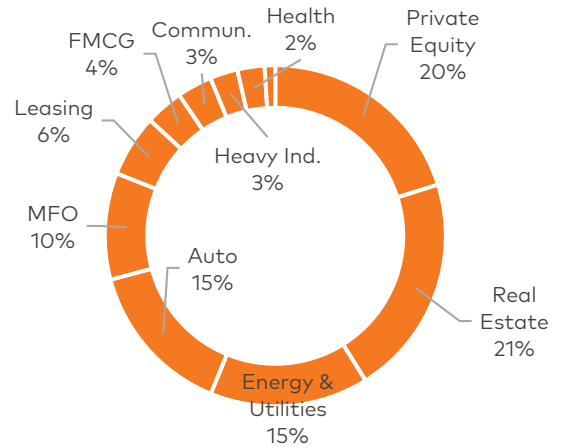
Source: Bloomberg

Georgian corporate public bonds outstanding, GEL mn



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

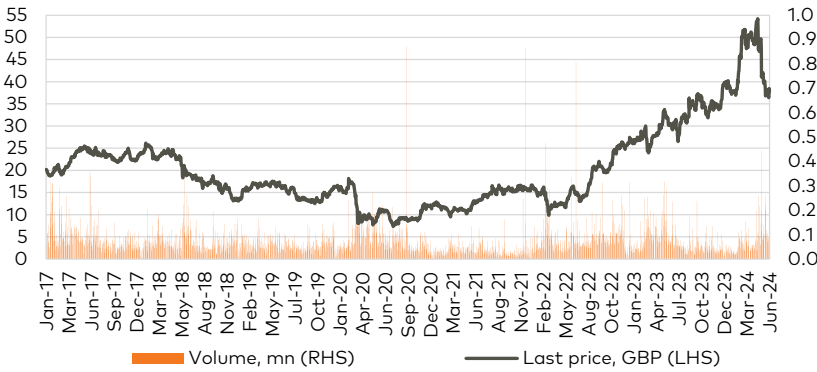
Georgian corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

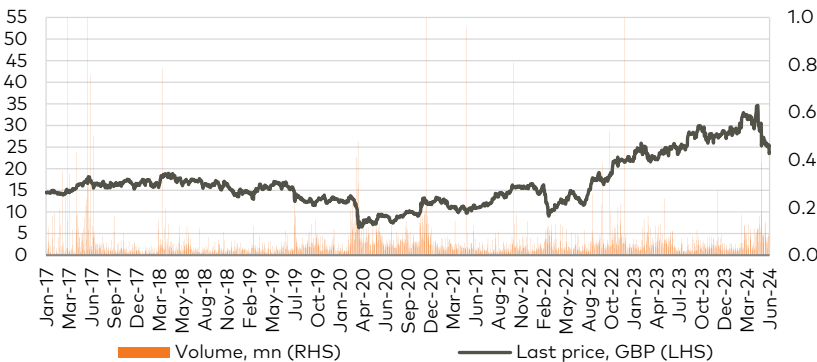
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 37.90/share (+1.34% w/w and -19.70% m/m). More than 1.36mn shares traded in the range of GBP 36.35 - 39.10/share. Average daily traded volume was 164k in the last 4 weeks. The volume of BGEO shares traded was at 2.99% of its capitalization.

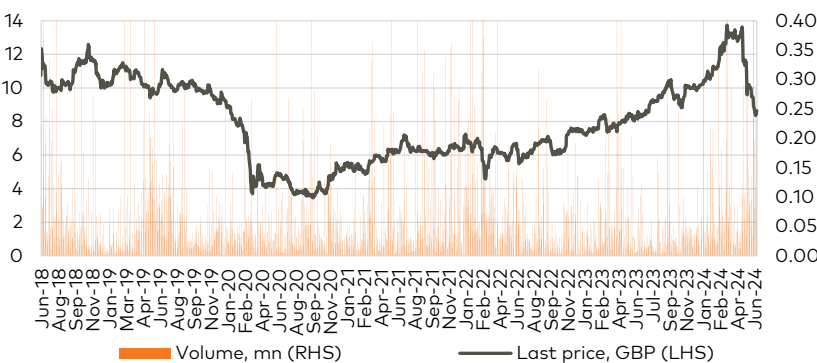
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 23.70/share (-6.14% w/w and -19.66% m/m). More than 557k shares changed hands in the range of GBP 23.00 - 25.80/share. Average daily traded volume was 87k in the last 4 weeks. The volume of TBCG shares traded was at 1.01% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 8.64/share (-0.69% w/w and -20.00% m/m). More than 931k shares traded in the range of GBP 8.30 - 8.72/share. Average daily traded volume was 168k in the last 4 weeks. The volume of CGEO shares traded was at 2.18% 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		
								2023	2024F	2025F	2023	2024F	2025F
Bank of Georgia	BGEO	GBP	37.90	1,728	9.4%	29.4%	-4.7%	4.36x	3.65x	3.68x	1.19x	na	na
TBC	TBC	GBP	23.70	1,313	-14.6%	-5.4%	-16.3%	4.78x	3.90x	3.24x	1.15x	na	na
Halyk Bank	HSBK	USD	17.46	4,761	22.1%	30.7%	15.2%	2.57x	2.75x	2.71x	0.72x	0.84x	0.72x
Akbank	AKBNK	TRY	61.10	317,720	59.4%	232.6%	67.3%	2.86x	4.42x	2.89x	0.90x	1.21x	0.87x
Garanti	GARAN	TRY	104.90	440,580	67.8%	257.8%	79.8%	2.84x	4.85x	3.29x	1.00x	1.43x	1.04x
Isbank	ISCTR	TRY	16.18	404,500	68.4%	205.5%	73.2%	3.23x	4.57x	2.92x	0.87x	1.25x	0.87x
PKO	PKO	PLN	57.30	71,625	15.8%	61.0%	13.9%	11.44x	6.99x	7.09x	1.39x	1.40x	1.31x
PEKAO	PEO	PLN	155.75	40,880	4.6%	39.1%	2.4%	6.07x	6.52x	6.91x	1.32x	1.28x	1.21x
Millennium	MIL	PLN	8.02	9,729	-1.0%	70.1%	-4.0%	17.78x	3.68x	4.23x	1.47x	1.36x	1.13x
Mbank	MBK	PLN	585.00	24,842	8.7%	48.4%	9.3%	na	4.83x	5.59x	1.65x	1.65x	1.24x
BRD	BRD	RON	19.00	13,241	7.7%	52.2%	6.0%	7.62x	9.04x	9.34x	1.42x	1.39x	1.31x
Banca Transilvania	TLV	RON	31.50	25,158	33.7%	84.2%	29.8%	7.76x	8.66x	8.22x	1.82x	1.75x	1.50x
Komercni	KOMB	CZK	763.00	145,008	7.2%	13.8%	5.3%	8.76x	9.45x	9.15x	1.09x	1.16x	1.14x
Mean								6.67x	5.64x	5.33x	1.23x	1.34x	1.12x
Median								5.43x	4.83x	4.23x	1.19x	1.36x	1.14x

Source: Bloomberg, S&P Capital IQ

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