



Economy

Trade deficit growth was flat y/y in May-23

In May-23, both goods exports and imports growth slowed due to last year's high base effect, although the volumes remained robust. Exports increased by 3.0% y/y to US\$ 538.4mn, after a 20.4% y/y growth in previous month. Imports were up 1.4% y/y to US\$ 1.2bn in May, after growing by 11.5% y/y in April. As a result, the trade deficit was almost flat, up by a mere 0.1% y/y to US\$ 659.0mn, after a 5.0% y/y growth in April.

Overall, in 5M23, trade deficit increased by 19.5% y/y to US\$ 3.4bn, as exports increased by 18.5% y/y to US\$ 2.5bn, while imports were up by 19.1% y/y to US\$ 5.9bn.

Money transfers stood at US\$ 384.9mn in May-23

Money transfers declined by 23.9% y/y to US\$ 384.9mn in May-23, due to last year's high base effect, according to NBG. Meanwhile, on a monthly basis, the transfers were up 4.1% in May. From major remitting countries, money transfers decreased from Russia (-50.7% y/y, -3.0% m/m, accounting for 40.2 % of total) and Kazakhstan (-3.8% y/y, 5.2% of total), while it increased from Italy (+20.0% y/y, 11.5% of total), USA (+37.9% y/y, 10.0% of total), Greece (+4.8% y/y, 5.5% of total), Germany (+48.5% y/y, 5.1% of total), Israel (+12.6% y/y, 4.7% of total) and Turkey (+80.5% y/y, 3.8% of total). Overall, in 5M23 remittances increased by 47.9% y/y to US\$ 2.0bn.

Average monthly nominal wages increased by 18.7% y/y in 1Q23

In 1Q23, average monthly nominal wages in Georgia increased by 18.7% y/y to GEL 1,717, after 21.2% y/y growth in 4Q22, according to Geostat. By economic activity, the highest monthly average wages were observed in the following sectors: financial and insurance (GEL 3,761, +23,8% y/y), information and communication (GEL 3,631, +55.2% y/y), professional and scientific activities (GEL 2,387, +21.6% y/y), construction (GEL 2,146, +14.7% y/y) and public administration (GEL 2,078, +22.6% y/y). The lowest average monthly wages were in education (GEL 1,009, +12.7% y/y), water supply (GEL 1,089, +18.8% y/y) and agriculture (GEL 1,259, 35.0% y/y) in 1Q23.

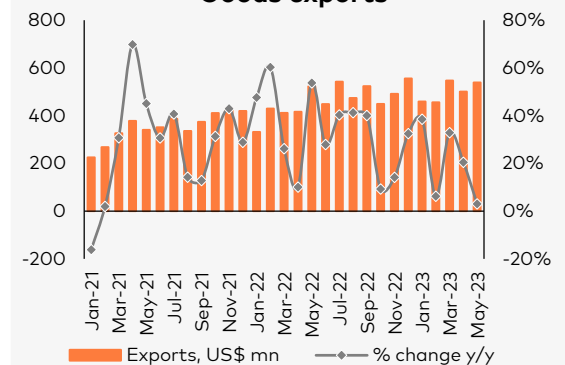
Key macro indicators

	2021	2022
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,997	20,244
GDP per capita (US\$)	5,023	6,672
Population (mn)	3.7	3.7
Inflation (eop)	13.9%	9.8%
Gross reserves (US\$ bn)	4.3	4.9
CAD (% of GDP)	10.4%	4.1%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.7%	39.8%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

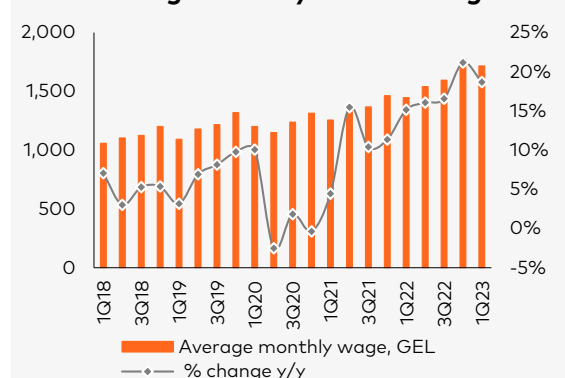
*Latest sovereign credit ratings

Goods exports



Source: Geostat

Average monthly nominal wage



Source: Geostat

Money market

Ministry of Finance T-Bills:

1-year GEL 20.0mn (US\$ 7.7mn) T-Bills were sold at the auction held at NBG on June 13, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 9.655%, up by 0.089ppts from previous auction held in May-23.

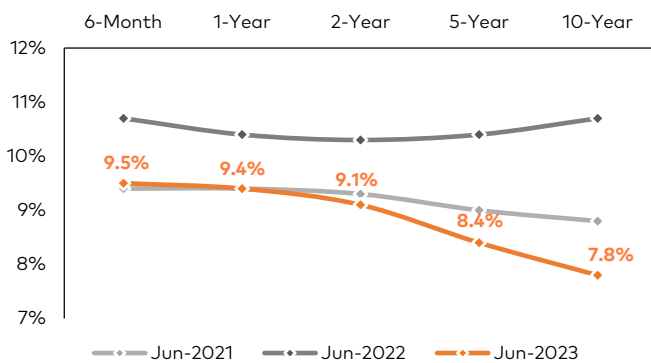
The nearest treasury security auction is scheduled for June 20, 2023, where GEL 60.0mn nominal value 10-year Benchmark bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	120	120	420
1-year	120	120	
2-year	256	240	
5-year	483	630	6,825
10-year	300	720	
Total	1,279	1,830	7,245

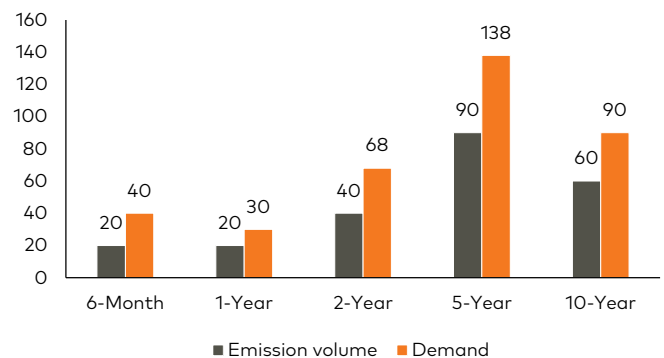
Source: MoF
*As of May 2023

T-bills / T-notes, yield curve



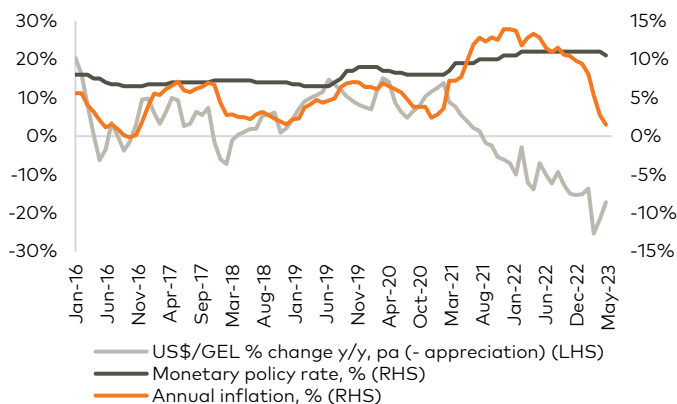
Source: NBG

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



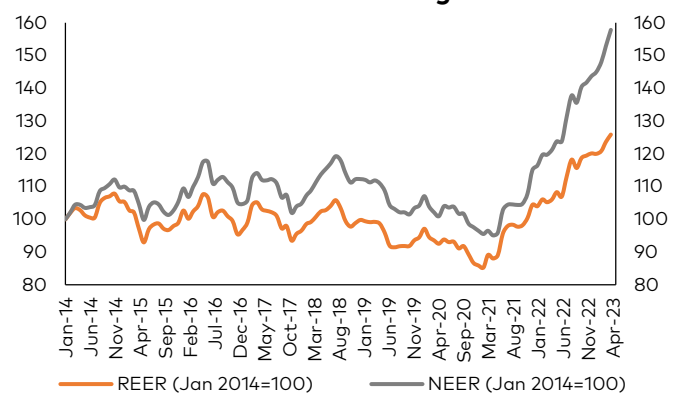
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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

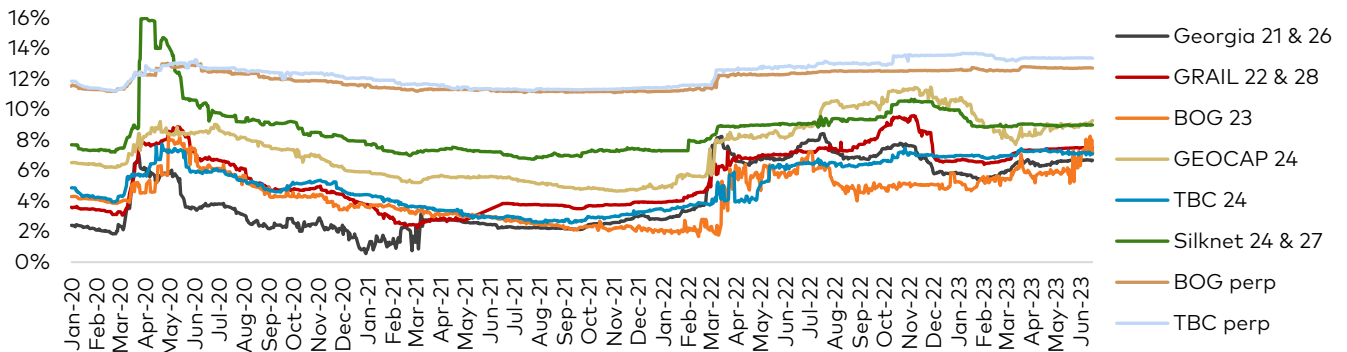
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 7.10% yield, trading at 99.88 (+0.04% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 97.84 (-0.16% w/w), yielding 9.29%.

Georgian Railway Eurobonds (GRAIL) traded at 85.69 (+0.12% w/w), yielding 7.49%.

Georgian Sovereign Eurobonds (GEORG) closed at 89.97 (+0.15% w/w) at 6.69% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Mood y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	89.97	6.69	241.52
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	85.69	7.49	367.91
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	99.88	7.10	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.08	12.72	685.26
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	97.84	9.29	392.52
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.10	9.00	490.12
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.72	7.10	182.72
TBC PERP	USD	125	10.775%	n/a	B-/-/-	96.07	13.37	910.29

Georgian local bonds performance

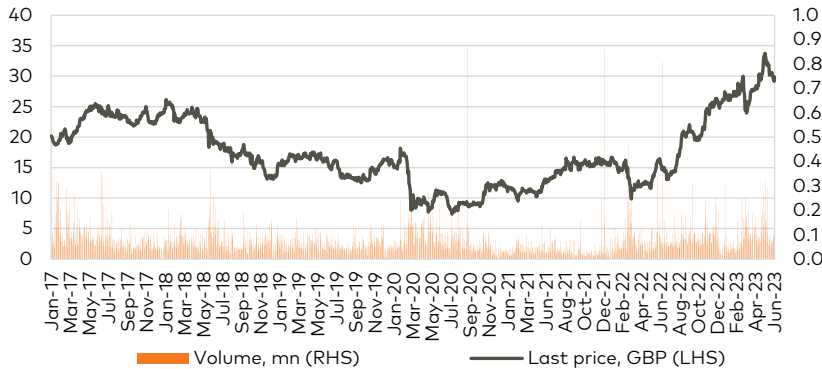
GLC	USD	12	5.75%	Jul-23	-/-/-	99.94	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/B+	99.59	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/B+	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	98.23	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.80	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.78	8.65	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	99.04	7.25	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-	n/a	n/a	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/BB-	n/a	n/a	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/BB-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	15.00%	Dec-23	-/-/BB-	n/a	n/a	n/a
Evex Hospitals	GEL	50	14.10%	Nov-24	-/-/BB	n/a	n/a	n/a
Nikora Trade	GEL	35	14.50%	Nov-24	-/-/B+	n/a	n/a	n/a
TBC Leasing	GEL	58.4	14.25%	Mar-26	BB-/B+	n/a	n/a	n/a

Source: Bloomberg



Equities

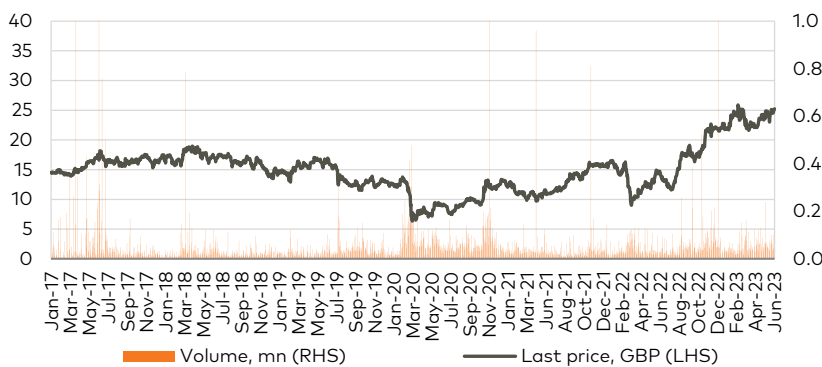
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 29.90/share (-0.99% w/w and -11.41% m/m). More than 651k shares traded in the range of GBP 29.10 - 30.60/share. Average daily traded volume was 105k in the last 4 weeks. The volume of BGEO shares traded was at 1.40% of its capitalization.

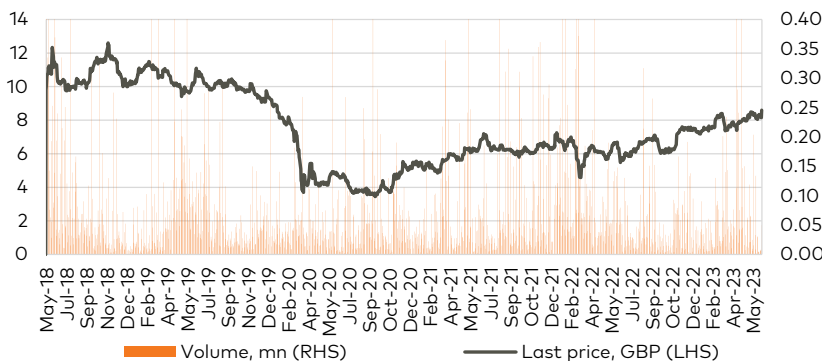
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 25.25/share (+2.85% w/w and +3.91% m/m). More than 358k shares changed hands in the range of GBP 24.35 - 25.50/share. Average daily traded volume was 62k in the last 4 weeks. The volume of TBCG shares traded was at 0.65% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 8.60/share (+3.12% w/w and +4.88% m/m). More than 78k shares traded in the range of GBP 8.15 - 8.60/share. Average daily traded volume was 31k in the last 4 weeks. The volume of CGEO shares traded was at 0.18% 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		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	29.90	1,390	18.7%	104.8%	14.8%	2.74x	4.27x	3.95x	0.90x	0.85x	0.73x
TBC	TBC	GBP	25.25	1,389	17.4%	85.9%	11.2%	4.10x	4.52x	3.95x	1.04x	1.01x	0.87x
Halyk Bank	HSBK	USD	13.80	3,763	20.0%	43.6%	24.3%	2.69x	2.68x	2.40x	0.78x	0.72x	0.61x
Akbank	AKBNK	TRY	18.89	98,228	1.3%	123.0%	-3.4%	1.40x	2.33x	2.22x	0.55x	0.52x	0.46x
Garanti	GARAN	TRY	30.08	126,336	4.6%	108.2%	0.1%	1.91x	2.88x	2.45x	0.73x	0.68x	0.56x
Isbank	ISCTR	TRY	13.42	134,200	8.0%	184.9%	5.1%	0.84x	2.71x	2.50x	0.60x	0.60x	0.49x
PKO	PKO	PLN	36.17	45,213	25.1%	25.0%	19.4%	10.98x	6.73x	7.15x	1.03x	1.05x	1.00x
PEKAO	PEO	PLN	112.10	29,423	33.6%	32.9%	29.6%	na	5.89x	6.77x	na	1.08x	1.02x
Millennium	MIL	PLN	4.75	5,764	1.9%	16.7%	3.8%	na	2.00x	2.60x	1.04x	0.90x	0.76x
Mbank	MBK	PLN	404.40	17,160	43.8%	68.5%	36.6%	na	3.71x	5.50x	1.10x	0.99x	0.92x
BRD	BRD	RON	12.88	8,976	-3.4%	-0.9%	-0.9%	6.81x	6.29x	6.42x	1.31x	1.09x	1.06x
Banca Transilvania	TLV	RON	19.55	13,835	-4.9%	-4.9%	-1.9%	na	5.91x	5.66x	1.60x	1.21x	1.08x
Komerčni	KOMB	CZK	673.50	127,998	3.4%	1.9%	2.8%	8.36x	8.39x	8.52x	1.21x	0.98x	0.94x
Mean								4.42x	4.49x	4.62x	0.99x	0.90x	0.81x
Median								2.74x	4.27x	3.95x	1.04x	0.98x	0.87x

Source: Bloomberg, S&P Capital IQ

Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2022	2023F	2024F	2022	2023F	2024F
Georgia Capital	CGEO	GBP	8.60	379	16.2%	52.8%	17.8%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	12.00	436	-3.5%	-8.0%	-4.0%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	43.98	89,737	11.6%	126.7%	-2.4%	1.77x	3.49x	2.35x	0.77x	0.51x	0.43x
Deutsche Beteiligungs	DBAN	EUR	29.00	545	9.0%	8.4%	3.9%	na	5.42x	5.18x	1.00x	0.82x	0.73x
Eurazeo	RF	EUR	67.05	5,312	15.6%	8.2%	15.4%	8.89x	10.82x	9.09x	0.78x	0.68x	0.62x
Carlyle Group	CG	USD	31.29	11,329	6.1%	-1.1%	4.8%	8.50x	10.86x	7.68x	1.70x	2.01x	1.53x
Wendel SE	MF	EUR	99.65	4,425	15.7%	25.3%	14.3%	6.63x	8.12x	8.00x	na	1.37x	1.23x
HgCapital Trust	HGT	GBP	3.90	1,783	9.6%	7.3%	11.1%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.58	679	-2.9%	15.8%	-2.6%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.50	799	11.1%	20.8%	7.3%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	10.15	702	19.1%	-1.9%	20.3%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.45	231	3.0%	-12.0%	0.2%	na	na	na	0.47x	na	na
Mean								8.82x	7.74x	6.46x	0.84x	1.08x	0.91x
Median								8.50x	8.12x	7.68x	0.78x	0.82x	0.73x

Source: Bloomberg, S&P Capital IQ

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