



Economy

Unemployment rate reduced to 16.7% in 2Q23

The unemployment rate reduced by 1.4ppts y/y to 16.7% in 2Q23, following a 18.0% rate in previous quarter. During the same period, the number of hired employed individuals increased by 5.6% y/y, accounting for 69.1% of total employment, while self-employed persons were up 2.2% y/y and accounted for 30.9% of total. Notably, the labor force participation rate has shown a consistent increase since 2Q21, rising by 1.6ppts y/y to reach 53.2% by 2Q23, standing above pre-pandemic levels.

Goods trade deficit increased by 3.9% y/y in Jul-23

In Jul-23, goods exports reduced by 1.9% y/y to US\$ 522.8mn, after a 22.5% y/y growth in previous month, explained mainly by last year's high base effect. Goods imports growth slowed to 1.2% to US\$ 1.2bn in July, after growing by 11.1% y/y in June. Consequently, the trade deficit increased by 3.9% y/y to US\$ 663.7mn, after a 3.4% y/y growth in June.

Overall, in 7M23, trade deficit increased by 21.5% y/y to US\$ 4.9bn, as exports increased by 15.7% y/y to US\$ 3.6bn, while imports were up by 19.0% y/y to US\$ 8.5bn.

Money transfers stood at US\$ 301.1mn in July-23

Money transfers reduced by a mere 1.6% y/y to US\$ 301.1mn in July-23, according to NBG. From major remitting countries, transfers reduced only from Russia (-26.6% y/y, -42.9% m/m, accounting for 24.5% of total). Conversely, there were notable increases from Italy (+26.1% y/y, 15.1% of total), USA (+40.1% y/y, 13.3% of total), Greece (+12.9% y/y, 7.2% of total), Germany (+40.3% y/y, 6.8% of total), Israel (+6.2% y/y, 5.9% of total), and Kazakhstan (+62.0% y/y, 5.4% of total). Overall, in 7M23 remittances increased by 27.5% y/y to US\$ 2.7bn.

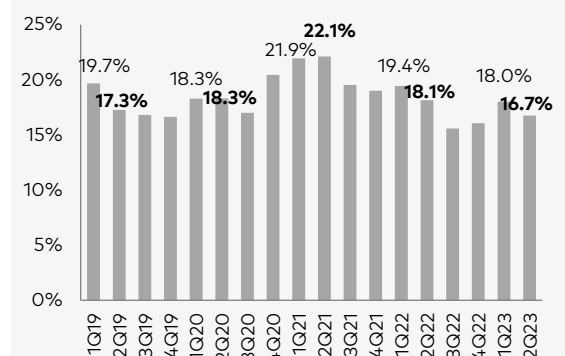
Key macro indicators

	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%	4.0%
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

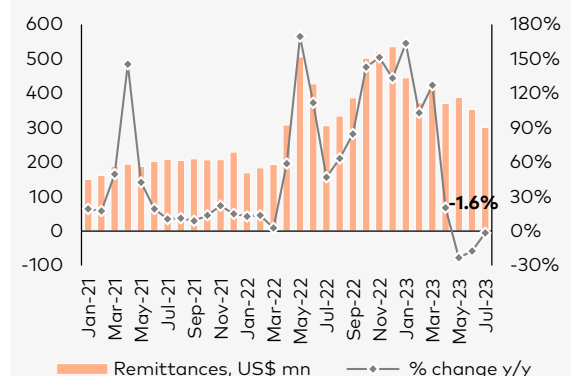
*Latest sovereign credit ratings

Unemployment rate in Georgia



Source: Geostat

Remittances to Georgia, US\$ mn



Source: NBG



Money market

Ministry of Finance T-bills/T-notes:

10-year GEL 60.0mn (US\$ 22.9mn) Benchmark bonds were sold at the auction held at NBG on August 15, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 8.083%, down by 0.038ppts from previous auction held in Jul-23.

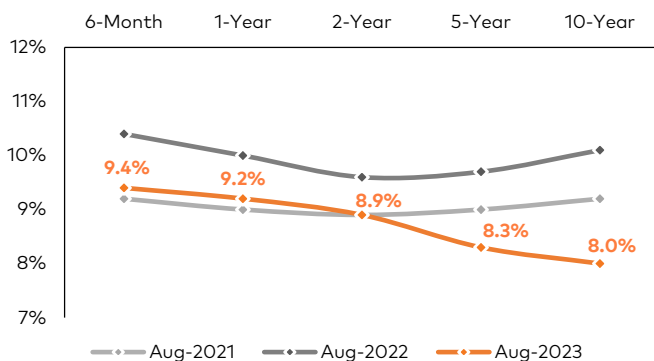
The nearest treasury security auction is scheduled for August 22, 2023, where GEL 90.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	160	80	410
1-year	160	80	
2-year	341	160	
5-year	681	450	7,181
10-year	530	490	
Total	1,872	1,260	7,591

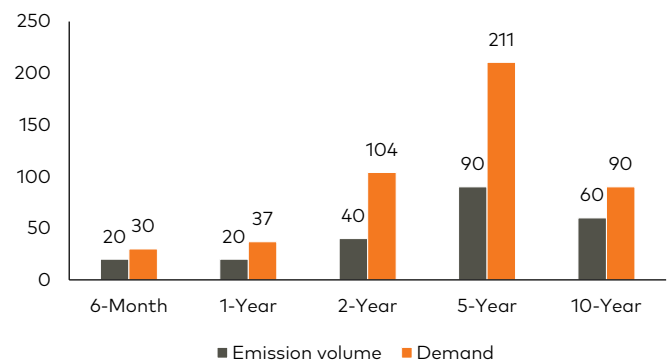
Source: MoF
*As of July 2023

T-bills / T-notes, yield curve



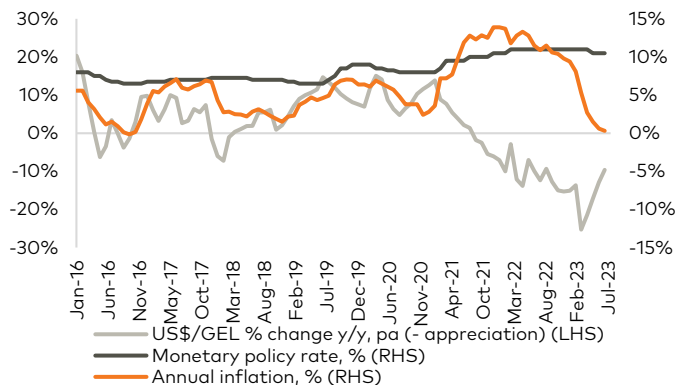
Source: NBG

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



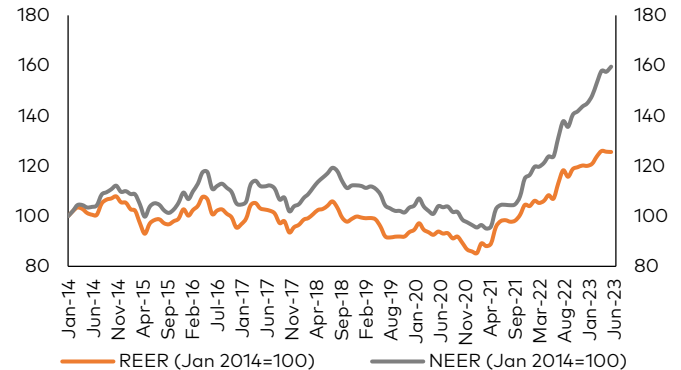
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal and real effective exchange rates



Source: NBG

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



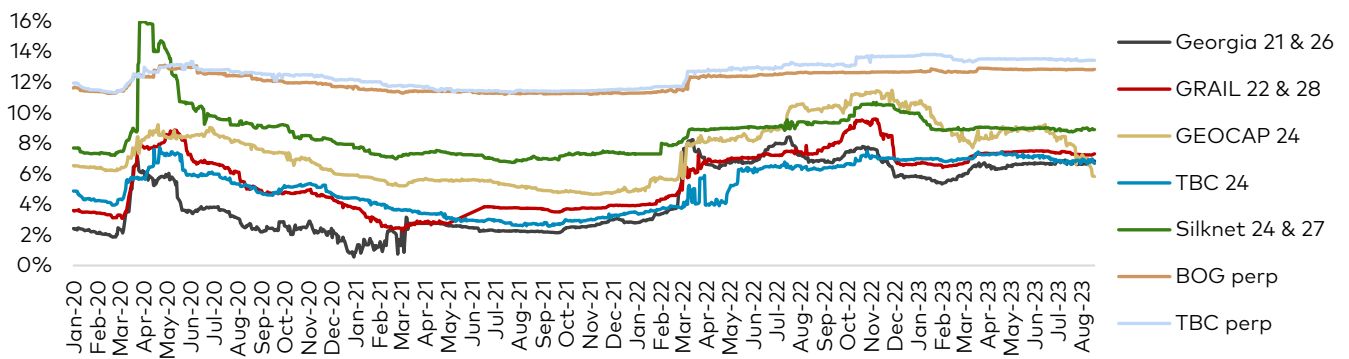
Fixed income

Corporate Eurobonds: Georgia Capital Eurobonds (GEOCAP) were trading at 100.15 (+0.44% w/w), yielding 5.83%.

Georgian Railway Eurobonds (GRAIL) traded at 86.72 (-0.26% w/w), yielding 7.32%.

Georgian Sovereign Eurobonds (GEORG) closed at 90.17 (-0.27% w/w) at 6.85% 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	90.17	6.85	229.54
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB/-	86.72	7.32	313.62
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B+	99.24	12.85	662.23
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	100.15	5.83	22.46
SILKNET 01/27	USD	300	8.375%	Jan-27	BB-/B1	98.48	8.89	448.86
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	99.25	6.68	124.77
TBC PERP	USD	125	10.775%	n/a	B-/B+	97.07	13.44	838.69

Source: Bloomberg



Fixed income

Georgian local bonds performance

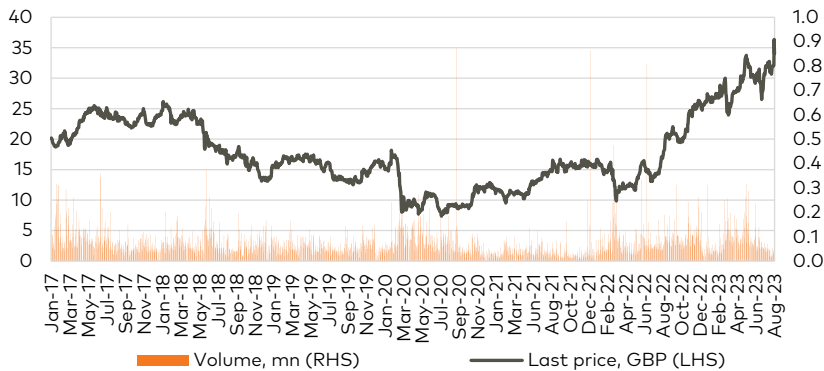
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-27	-/-/-	n/a	n/a	n/a
Energy Development Georgia	USD	10	8.50%	Jun-25	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	Ref rate + 3.10%	Nov-24	-/-/-BB	n/a	n/a	n/a
Geo. Beer Company	GEL	25	Ref rate + 4.00%	Dec-23	-/-/-BB-	n/a	n/a	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.98	8.50	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	99.99	7.00	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-	99.98	9.00	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.93	6.88	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/-B+	99.68	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-B+	100.00	8.50	n/a
MFO Crystal	GEL	25	TIBR6M + 4.75%	Feb-25	B/-/-/-	n/a	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-24	-/-/-B+	n/a	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-26	-/-/-B+	n/a	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-25	-/-/-B+	n/a	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-24	-/-/-B+	n/a	n/a	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-	99.99	9.00	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-26	BB/-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-26	BB/-/-/-	n/a	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-25	-/-/-BB-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/-BB-	99.59	8.75	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/-BB-	99.59	7.25	n/a
Tegeta Motors	GEL	20	TIBR6M + 3.50%	Dec-25	-/-/-BB-	n/a	n/a	n/a
Georgia Capital	USD	150	8.5%	Aug-28	-/BB/-/-	99.99	8.50	n/a

Source: Bloomberg



Equities

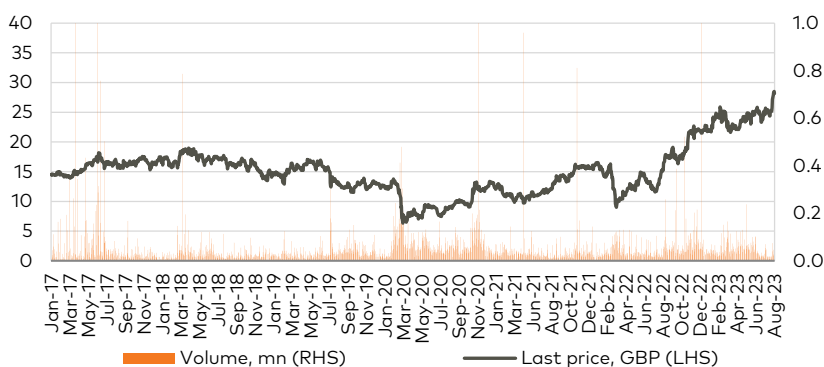
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 34.00/share (+6.25% w/w and +9.32% m/m). More than 390k shares traded in the range of GBP 31.55 - 37.00/share. Average daily traded volume was 49k in the last 4 weeks. The volume of BGEO shares traded was at 0.85% of its capitalization.

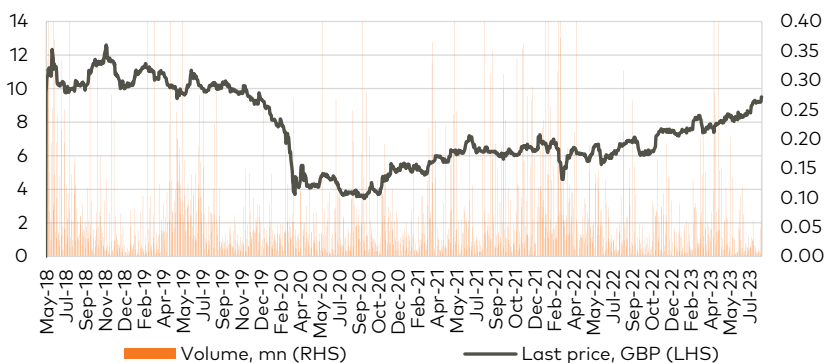
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.15/share (+3.68% w/w and +13.51% m/m). More than 131k shares changed hands in the range of GBP 27.00 - 28.80/share. Average daily traded volume was 22k in the last 4 weeks. The volume of TBCG shares traded was at 0.24% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 9.50/share (+3.26% w/w and +10.98% m/m). More than 425k shares traded in the range of GBP 9.15 - 9.70/share. Average daily traded volume was 34k in the last 4 weeks. The volume of CGEO shares traded was at 0.97% 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	34.00	1,561	17.9%	68.7%	30.5%	2.74x	4.78x	4.49x	0.90x	0.97x	0.83x
TBC	TBC	GBP	28.15	1,552	8.7%	57.8%	24.0%	4.10x	4.87x	4.28x	1.04x	1.12x	0.96x
Halyk Bank	HSBK	USD	14.56	3,971	23.4%	34.1%	31.2%	2.69x	2.84x	2.54x	0.78x	0.76x	0.64x
Akbank	AKBNK	TRY	28.66	149,032	79.2%	159.6%	46.6%	1.40x	2.86x	3.03x	0.55x	0.76x	0.68x
Garanti	GARAN	TRY	50.65	212,730	123.3%	141.4%	68.6%	1.91x	3.52x	3.94x	0.73x	1.14x	0.94x
Isbank	ISCTR	TRY	16.61	166,100	52.1%	137.3%	30.1%	0.84x	3.13x	2.68x	0.60x	0.71x	0.59x
PKO	PKO	PLN	36.77	45,963	15.2%	48.9%	21.4%	10.98x	7.90x	6.99x	1.03x	1.09x	0.99x
PEKAO	PEO	PLN	105.90	27,796	15.0%	43.9%	22.4%	na	5.45x	6.15x	na	1.04x	0.95x
Millennium	MIL	PLN	5.86	7,109	21.8%	45.3%	27.9%	na	2.28x	2.99x	1.04x	1.03x	0.94x
Mbank	MBK	PLN	419.50	17,814	30.3%	65.4%	41.7%	na	6.64x	5.38x	1.10x	1.16x	0.99x
BRD	BRD	RON	13.60	9,478	2.6%	-5.6%	4.6%	6.81x	6.39x	6.98x	1.31x	1.21x	1.16x
Banca Transilvania	TLV	RON	19.35	15,454	10.0%	1.3%	9.6%	na	6.46x	6.21x	1.60x	1.35x	1.21x
Komerční	KOMB	CZK	712.50	135,410	-3.9%	17.2%	8.8%	8.36x	8.55x	8.91x	1.21x	1.01x	1.00x
Mean								4.42x	5.05x	4.97x	0.99x	1.03x	0.91x
Median								2.74x	4.87x	4.49x	1.04x	1.04x	0.95x

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	9.50	416	17.7%	41.8%	30.1%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	11.95	435	-3.6%	-10.2%	-4.4%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	58.50	119,364	46.6%	136.3%	29.8%	1.77x	3.40x	3.01x	0.77x	0.68x	0.57x
Deutsche Beteiligungs	DBAN	EUR	30.55	574	-1.1%	9.1%	9.5%	na	5.33x	5.63x	1.00x	0.86x	0.77x
Eurazeo	RF	EUR	52.80	4,183	-18.6%	-18.7%	-9.1%	8.89x	8.37x	7.13x	0.78x	0.53x	0.43x
Carlyle Group	CG	USD	29.51	10,686	-15.8%	-14.8%	-1.1%	8.50x	9.69x	7.29x	1.70x	2.98x	2.04x
Wendel SE	MF	EUR	83.25	3,697	-17.7%	-2.1%	-4.5%	6.63x	6.78x	6.69x	na	1.14x	1.03x
HgCapital Trust	HGT	GBP	3.77	1,726	3.1%	-0.8%	7.6%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.32	668	-6.0%	-2.7%	-4.3%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.55	807	-3.4%	8.2%	8.3%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	10.65	736	9.6%	-7.4%	26.2%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.39	198	-8.8%	-15.2%	-14.1%	na	na	na	0.47x	na	na
Mean								8.82x	6.71x	5.95x	0.84x	1.24x	0.97x
Median								8.50x	6.78x	6.69x	0.78x	0.86x	0.77x

Source: Bloomberg, S&P Capital IQ

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