



Economy

IMF updates world economic outlook

On 16 April 2024, the IMF released an updated global economic outlook. According to IMF, the global economy expanded by 3.2% in 2023 and is expected to maintain this pace in 2024 and 2025. Notably, 2024 growth has been revised upwards by 0.1ppts from previous forecast. Despite significant central banks' interest rate hikes aimed at restoring price stability, the global economy has displayed remarkable resilience. The IMF also forecasts a steady decline in global inflation rates, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. For Georgia, IMF forecasts 5.7% growth for 2024 and 5.2% for 2025.

Trade deficit decreased by 25.2% y/y in Mar-24

In Mar-24, both goods exports and imports reduced mostly due to the last year's high base effect. Exports decreased by 4.4% y/y to US\$ 522.4mn, after growing 2.0% y/y in previous month. Imports decreased markedly by 17.0% y/y to US\$ 1.1bn, following a 6.9% y/y growth in previous month. Consequently, the trade deficit decreased by 25.2% y/y to US\$ 622.5mn in Mar-24.

The top 5 exported commodities were cars (+3.6% y/y), wine (+63.7% y/y), ferro-alloys (+200.5% y/y), spirits (+39.0% y/y) and mineral waters (+36.6% y/y) in Mar-24. A 10.8% of exports were directed to the EU (-42.6% y/y), 66.2% to the CIS (+7.1% y/y) and 23.0% to other countries (-4.1% y/y).

The top 5 imports were cars (-50.8% y/y), petroleum (+10.0% y/y), gases (+16.1% y/y), pharmaceuticals (+14.3% y/y) and phones (-42.8% y/y) in Mar-24.

Overall, in 1Q24, trade deficit narrowed by 2.5% y/y to US\$ 2.0bn, as exports decreased by 9.3% y/y to US\$ 1.3bn and imports were down by 5.3% y/y to US\$ 3.4bn.

Money transfers stood at US\$ 278.5mn in Mar-24

Money transfers were down by 36.5% y/y to US\$ 278.5mn in Mar-24, after falling by 29.0% y/y in previous month, due to the last year's high base and normalization in transfers from Russia. From top countries, transfers reduced from Russia (-76.3% y/y, accounting for 19.0% of total), Kazakhstan (-32.2% y/y, 4.2% of total) and Türkiye (-19.5% y/y, 3.0% of total). In contrast, there were substantial increases in remittances from EU (+9.9% y/y, 42.6% of total), USA (+24.4% y/y, 16.1% of total) and Israel (+12.5% y/y, 7.6% of total).

Overall, in 1Q24 remittances decreased by 35.8% y/y to US\$ 806.0mn.

Producer price index increased by 4.0% y/y in Mar-24

Annual PPI for industrial goods increased by 4.0% in Mar-24, after increasing by 2.0% y/y in previous month. The annual growth was primarily driven by a rise in prices in the manufacturing sector (+2.7% m/m), followed by electricity supply (+11.1% m/m).

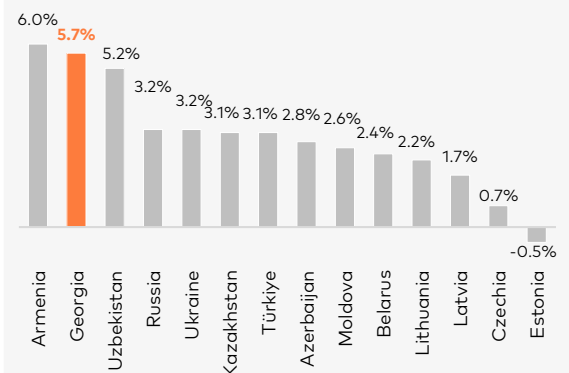
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	23,344	25,350
GDP per capita (US\$)	8,210	8,861
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	5.2
CAD (% of GDP)	4.3%	4.7%
Fiscal deficit (% of GDP)	2.4%	2.5%
Total public debt (% of GDP)	39.0%	38.0%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

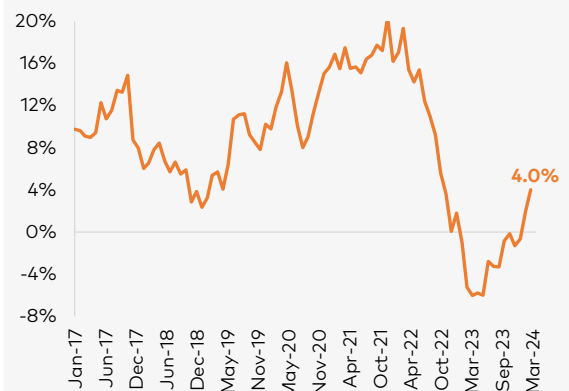
*Latest sovereign credit ratings

Real GDP growth projections for 2024, IMF



Source: IMF, WEO, April 2024

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

7.3-year GEL 75.0mn (US\$ 28.1mn) Benchmark bonds were sold at the auction held at NBG on April 16, 2024. Total demand was 1.5x higher and the weighted average yield was fixed at 8.363%, up by 0.366ppts from previous auction held in Feb-24.

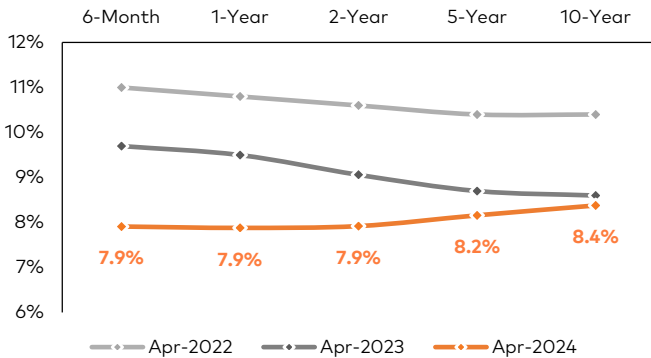
The nearest treasury security auction is scheduled for April 23, 2024, where GEL 85.0mn nominal value 5-year Benchmark Bonds will be sold.

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)	210	320	410
Long-term (over 1-year)	1,038	2,320	7,972
Total	1,248	2,640	8,382

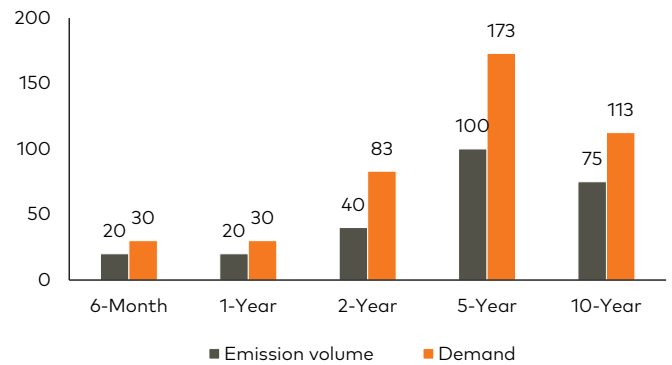
Source: MoF
*As of March 2024

T-bills / T-notes, yield curve



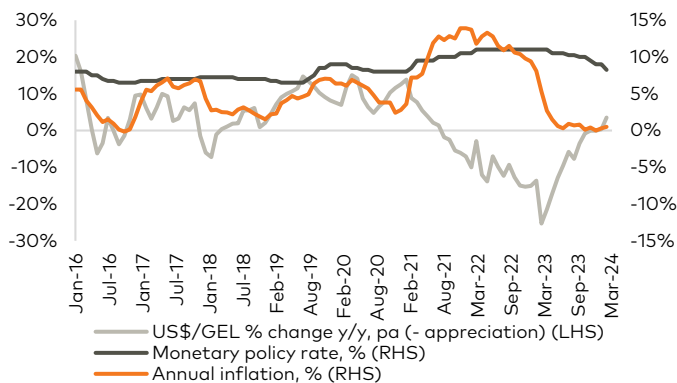
Source: NBG

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



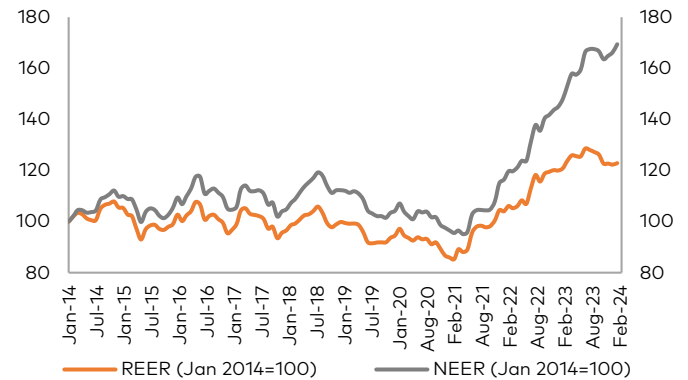
Source: NBG

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	92.85	6.63	174.32
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	90.27	6.72	222.07
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-	100.51	12.83	260.80
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	99.66	9.84	515.13
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/B1	101.30	7.84	258.80
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/Ba2	99.87	6.46	106.78
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	99.89	13.27	560.01

■ 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

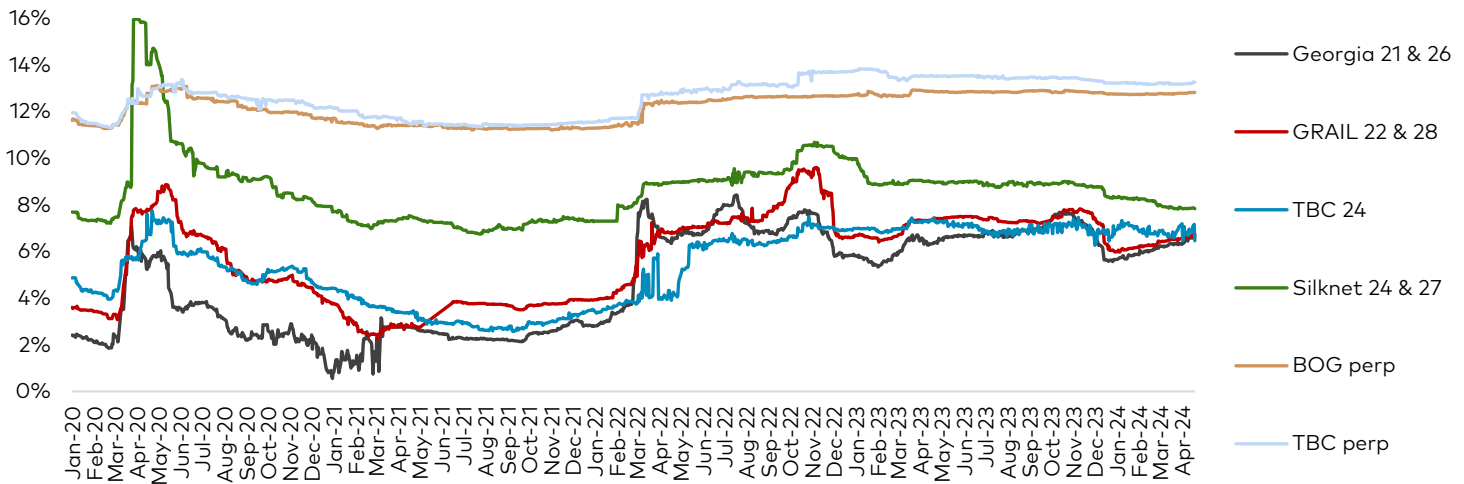
Vian (Evex)	GEL	50	Ref rate + 3.10%	Nov-19	Nov-24	-/-/BB	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/BB-	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-22	Nov-25	-/-/BB-	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/B	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-22	Dec-25	-/-/BB-	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-/B1	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/B1	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



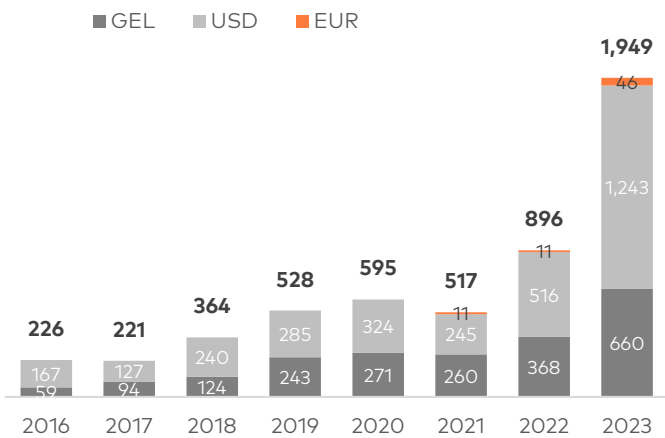
Fixed income

Georgian Eurobonds, YTM



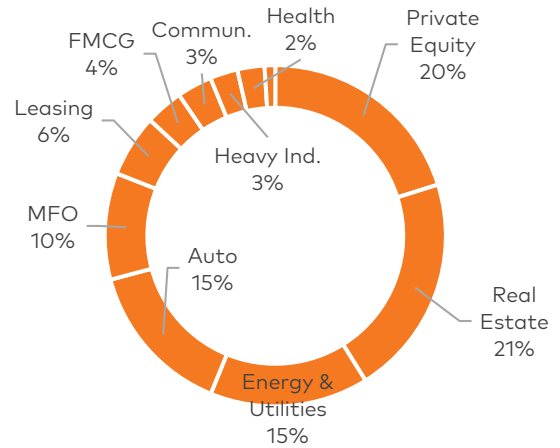
Source: Bloomberg

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

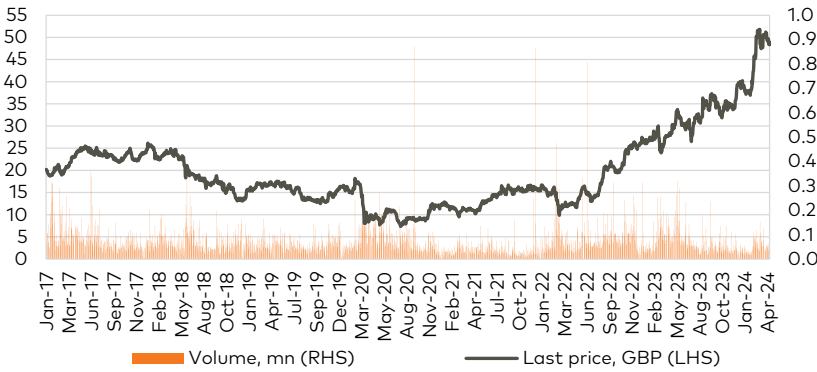


Source: Galt & Taggart



Equities

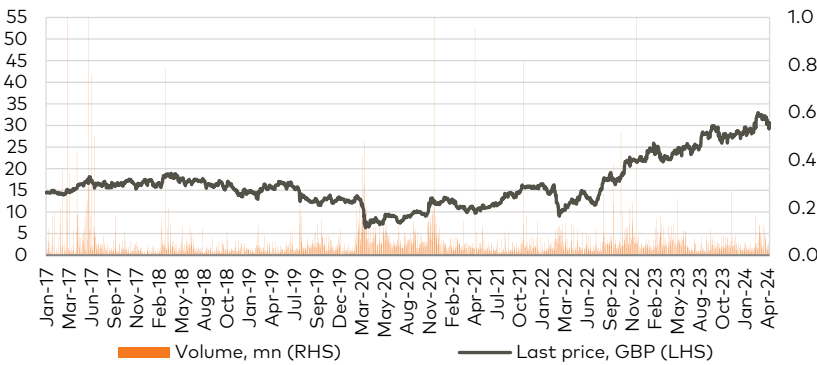
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 48.35/share (-2.32% w/w and +1.90% m/m). More than 239k shares traded in the range of GBP 47.50 - 50.40/share. Average daily traded volume was 54k in the last 4 weeks. The volume of BGEO shares traded was at 0.52% of its capitalization.

Source: Bloomberg

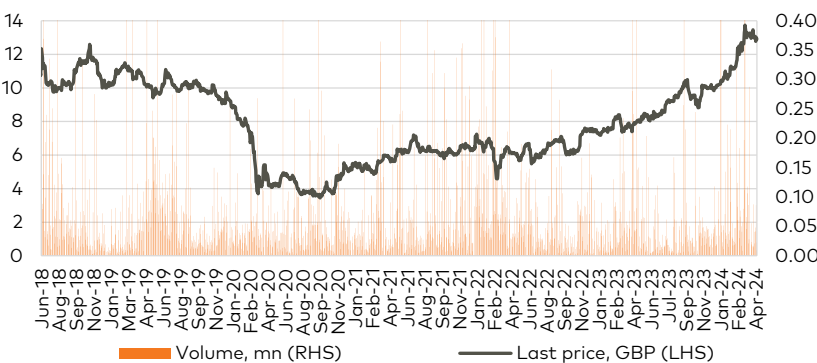
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 30.65/share (-0.33% w/w and -4.96% m/m). More than 257k shares changed hands in the range of GBP 29.00 - 31.25/share. Average daily traded volume was 53k in the last 4 weeks. The volume of TBCG shares traded was at 0.46% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 12.90/share (-1.23% w/w and -1.38% m/m). More than 207k shares traded in the range of GBP 12.66 - 13.28/share. Average daily traded volume was 51k in the last 4 weeks. The volume of CGEO shares traded was at 0.49% 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		
								2023	2024F	2025F	2023	2024F	2025F
Bank of Georgia	BGEO	GBP	48.35	2,204	47.9%	70.5%	21.6%	4.36x	4.73x	4.56x	1.19x	na	na
TBC	TBC	GBP	30.65	1,698	15.0%	38.1%	8.3%	4.78x	4.53x	3.74x	1.15x	na	na
Halyk Bank	HSBK	USD	17.46	4,761	35.8%	45.5%	15.2%	2.57x	2.72x	2.81x	0.72x	0.84x	0.72x
Akbank	AKBNK	TRY	62.50	325,000	102.1%	238.2%	71.1%	2.86x	4.55x	3.05x	0.90x	1.21x	0.90x
Garanti	GARAN	TRY	78.70	330,540	70.2%	166.8%	34.9%	2.84x	4.53x	2.56x	1.00x	1.12x	0.85x
Isbank	ISCTR	TRY	12.86	321,500	39.9%	161.6%	37.6%	3.23x	3.95x	2.55x	0.87x	1.01x	0.74x
PKO	PKO	PLN	59.12	73,900	45.8%	82.1%	17.5%	11.44x	7.45x	7.81x	1.39x	1.45x	1.39x
PEKAO	PEO	PLN	184.60	48,452	55.2%	90.5%	21.4%	6.07x	8.08x	8.68x	1.32x	1.52x	1.47x
Millennium	MIL	PLN	9.19	11,142	30.7%	71.0%	9.9%	17.78x	4.20x	4.99x	1.47x	1.46x	1.23x
Mbank	MBK	PLN	679.20	28,842	38.2%	86.0%	27.0%	na	6.85x	6.57x	1.65x	1.76x	1.46x
BRD	BRD	RON	20.15	14,043	26.7%	55.2%	12.4%	7.62x	9.95x	9.89x	1.42x	1.48x	1.39x
Banca Transilvania	TLV	RON	28.30	22,602	26.2%	63.9%	16.7%	7.76x	8.66x	7.73x	1.82x	1.55x	1.33x
Komerčni	KOMB	CZK	861.50	163,727	29.4%	13.8%	18.9%	8.76x	10.86x	10.45x	1.09x	1.28x	1.27x
Mean								6.67x	6.24x	5.80x	1.23x	1.33x	1.16x
Median								5.43x	4.73x	4.99x	1.19x	1.45x	1.27x

Source: Bloomberg, S&P Capital IQ

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