



## Economy

### Real GDP growth was 8.4% in 1Q24

Georgia's real GDP increased by 8.4% y/y in 1Q24 according to Geostat, revised upwards from the preliminary estimate of 7.8%. Considering this upgrade, Georgia's economy grew by 9.4% y/y in 4M24.

By economic sectors, high contributions to the 1Q24 growth came from real estate (+18.8% y/y), education (+29.1% y/y), public administration (+13.0% y/y), ICT (+12.2% y/y), construction (+10.3% y/y) and transportation & storage (+9.7% y/y). Meanwhile, electricity supply (-11.6% y/y) and mining (-1.8% y/y) sectors contracted in 1Q24.

Due to stronger-than-expected growth in 4M24 and continued robust economic activity, we are raising our real GDP growth forecast to 7.0% from 6.0% for the full-2024 year.

### Nominal wages up 13.2% y/y in 1Q24

In 1Q24, average monthly nominal wages in Georgia increased by 13.2% y/y (+12.9% in real terms) to GEL 1,943, after growing by 15.3% y/y in 4Q23, according to Geostat. By economic activity, the highest monthly average wages were recorded in the following sectors: financial and insurance (GEL 4,519, +20.2% y/y), information and communication (GEL 3,957, +9.0% y/y), professional and scientific activities (GEL 2,673, +12.0% y/y) and construction (GEL 2,625, +22.3% y/y). The lowest average monthly wages were in education (GEL 1,126, +11.6% y/y), water supply (GEL 1,236, +13.5% y/y) and agriculture (GEL 1,319, +4.7% y/y) in 1Q24.

### NBG kept its key rate unchanged at 8.0%

On June 19, 2024, the NBG's Monetary Policy Committee decided to keep its key rate unchanged at 8.0% due to heightened uncertainty from domestic and external factors, which have increased inflationary risks. In this context, the regulator noted that exchange rate volatility led to inflationary pressures from imported goods, compounded by the rise in global food prices over the past two months. The next committee meeting is scheduled for 31 July 2024.

### Money transfers stood at US\$ 284.3mn in May-24

Money transfers were down by 27.1% y/y to US\$ 284.3mn in May-24, after falling by 25.2% y/y in previous month. Meanwhile, on a monthly basis, money transfers were up by 2.1% in May. Notably, Italy was the top remitting country in May. Overall, in 5M24 remittances decreased by 31.9% y/y to US\$ 1.4bn.

### Producer price index increased by 6.7% y/y in May-24

Annual PPI for industrial goods increased by 6.7% in May-24, after increasing by 5.9% y/y in previous month. The annual growth was primarily driven by a rise in prices in the manufacturing sector (+5.3% y/y), followed by mining (23.6% y/y), electricity supply (+9.0% y/y) and water supply (+10.2% y/y).

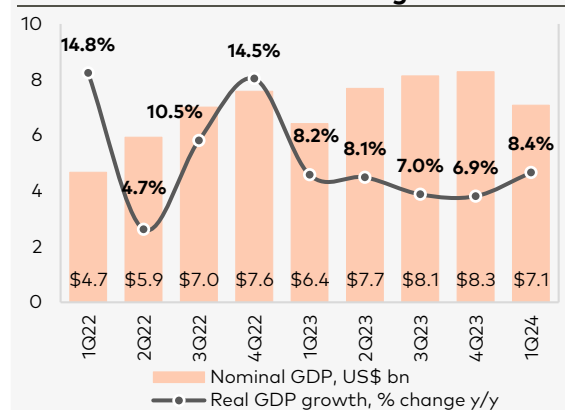
### Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	7.0%
GDP per capita (ppp)	23,344	24,870
GDP per capita (US\$)	8,210	8,693
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%	39.0%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

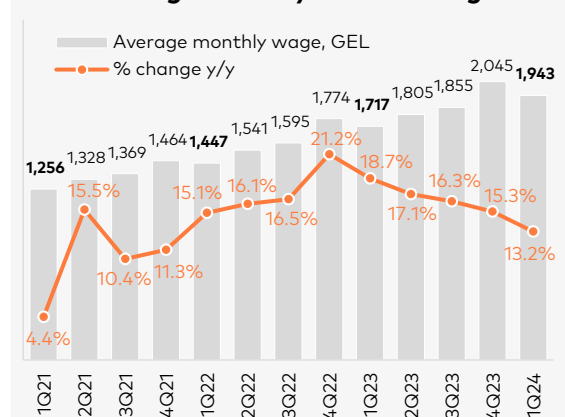
\*Latest sovereign credit ratings

### Nominal GDP and real growth



Source: Geostat

### Average monthly nominal wage



Source: Geostat



## Money market

### Ministry of Finance T-bills/T-notes:

7.1-year GEL 75.0mn (US\$ 26.1mn) Benchmark bonds were sold at the auction held at NBG on June 18, 2024. Total demand was 1.3x lower and the weighted average yield was fixed at 9.950%, up by 0.892ppts from previous auction held in May-24.

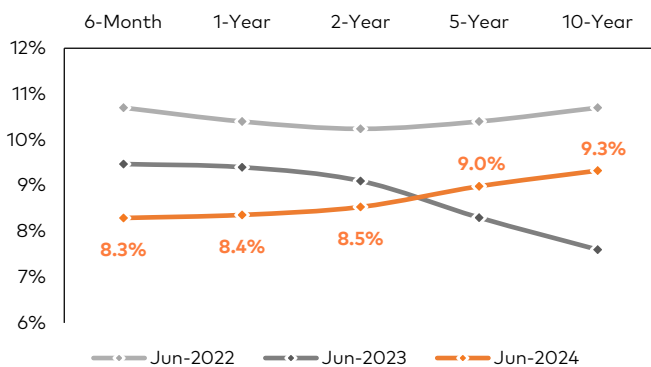
The nearest treasury security auction is scheduled for June 25, 2024, where GEL 85.0mn nominal value 5-year Benchmark Bonds will be sold.

### 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)	290	240	410
Long-term (over 1-year)	1,466	1,860	8,022
<b>Total</b>	<b>1,756</b>	<b>2,100</b>	<b>8,432</b>

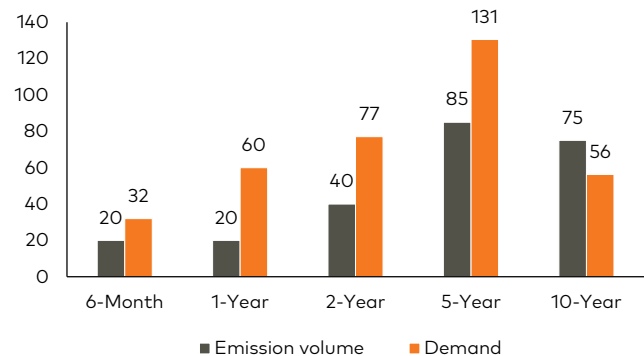
Source: MoF  
\*As of May 2024

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



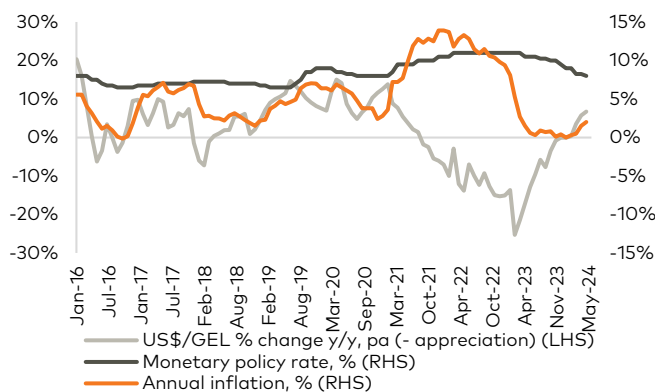
Source: NBG

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



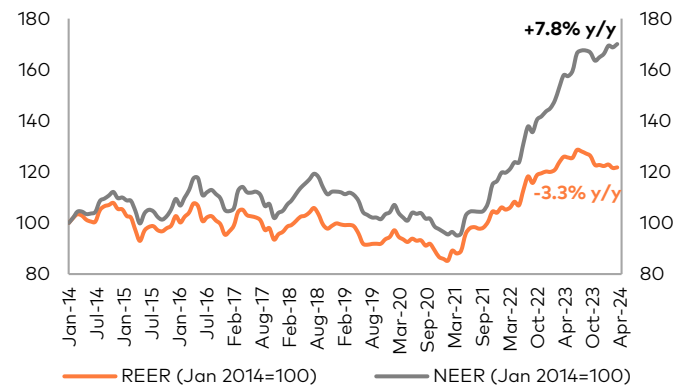
Source: NBG

### 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	91.64	7.74	310.64
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	88.16	7.50	335.48
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.72	10.08	601.38
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	99.92	8.41	399.08
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	99.99	10.55	520.61
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.36	10.98	656.01
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.20	10.69	654.21

■ 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

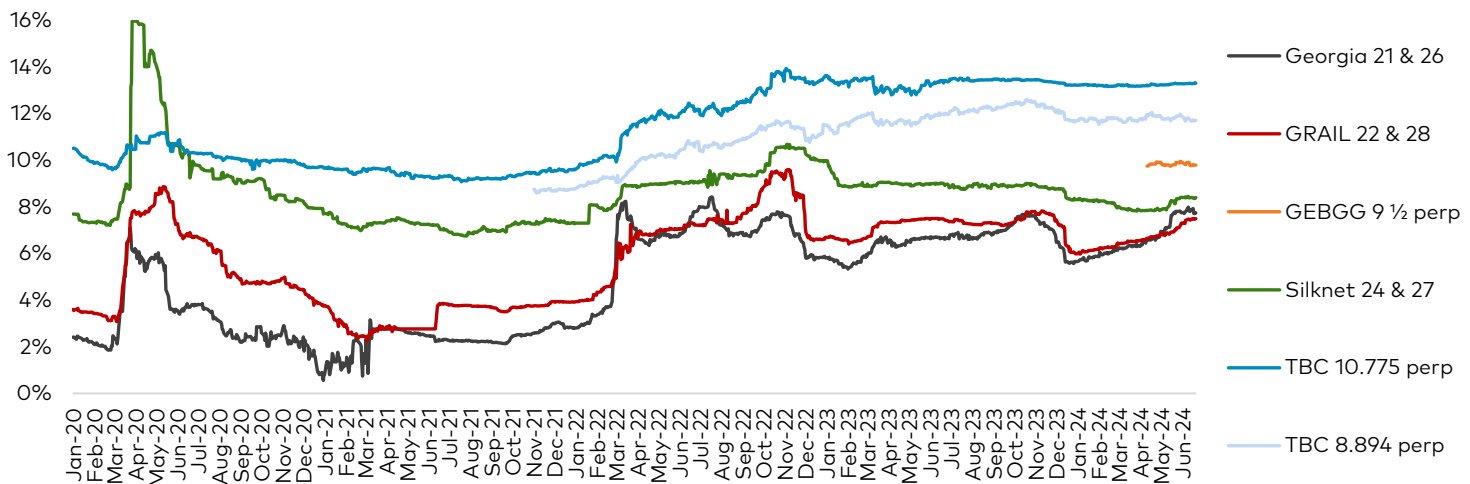
Vian (Evex)	GEL	50	Ref rate + 3.10%	Nov-19	Nov-24	-/-/-/BB	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/-/BB-	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-22	Nov-25	-/-/-/BB-	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/-/B	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-22	Dec-25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



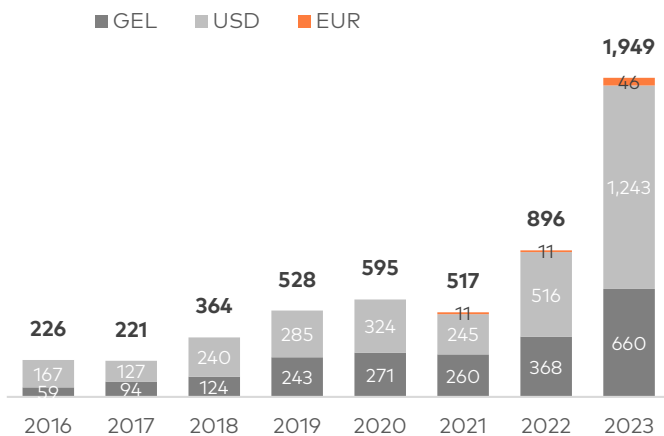
## Fixed income

Georgian Eurobonds, YTM



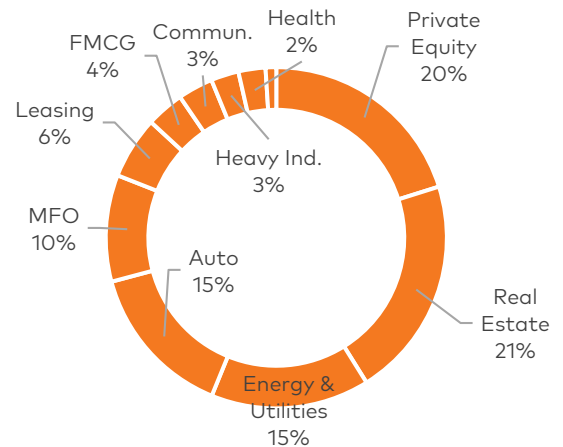
Source: Bloomberg

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

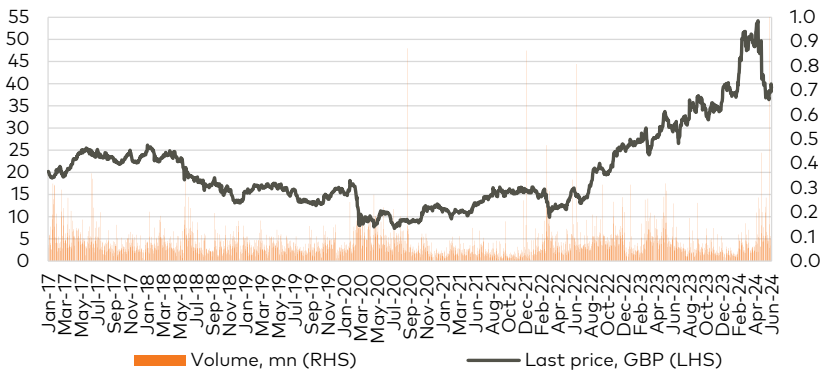


Source: Galt & Taggart



## Equities

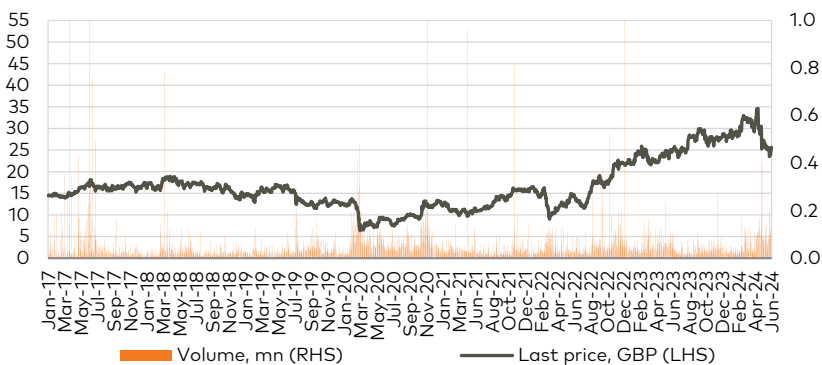
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 39.05/share (+2.76% w/w and -6.69% m/m). More than 512k shares traded in the range of GBP 37.15 - 39.95/share. Average daily traded volume was 169k in the last 4 weeks. The volume of BGEO shares traded was at 1.12% of its capitalization.

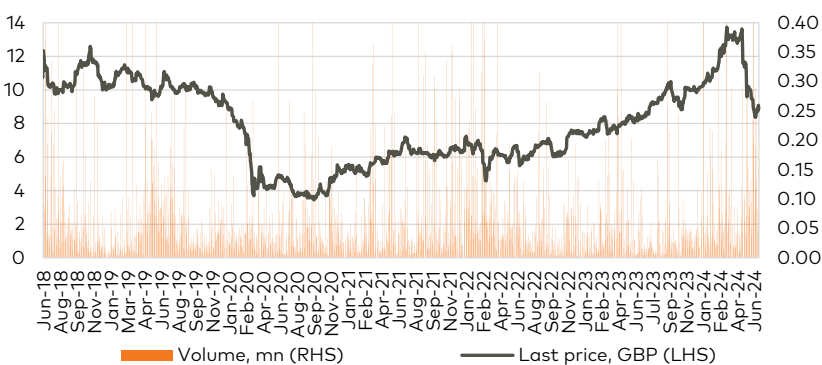
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 25.65/share (+7.77% w/w and -5.52% m/m). More than 1.18mn shares changed hands in the range of GBP 23.60 - 25.65/share. Average daily traded volume was 133k in the last 4 weeks. The volume of TBCG shares traded was at 2.14% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 8.90/share (+3.13% w/w and -12.75% m/m). More than 367k shares traded in the range of GBP 8.58 - 9.24/share. Average daily traded volume was 163k in the last 4 weeks. The volume of CGEO shares traded was at 0.86% 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	39.05	1,780	0.4%	26.4%	-1.8%	4.36x	3.66x	3.70x	1.19x	na	na
TBC	TBC	GBP	25.65	1,421	-9.7%	-0.8%	-9.4%	4.78x	4.11x	3.42x	1.15x	na	na
Halyk Bank	HSBK	USD	17.24	4,701	22.1%	24.9%	13.7%	2.57x	2.71x	2.68x	0.72x	0.83x	0.71x
Akbank	AKBNK	TRY	66.00	343,200	68.8%	241.8%	80.7%	2.86x	4.78x	3.12x	0.90x	1.31x	0.94x
Garanti	GARAN	TRY	111.80	469,560	79.6%	271.4%	91.6%	2.84x	5.17x	3.50x	1.00x	1.53x	1.10x
Isbank	ISCTR	TRY	16.73	418,249	74.1%	219.3%	79.0%	3.23x	4.72x	3.02x	0.87x	1.29x	0.90x
PKO	PKO	PLN	60.60	75,750	20.5%	68.5%	20.4%	11.44x	7.33x	7.45x	1.39x	1.48x	1.38x
PEKAO	PEO	PLN	162.20	42,573	7.2%	45.5%	6.7%	6.07x	6.77x	7.18x	1.32x	1.33x	1.26x
Millennium	MIL	PLN	8.34	10,117	0.0%	65.1%	-0.2%	17.78x	3.81x	4.39x	1.47x	1.41x	1.17x
Mbank	MBK	PLN	605.40	25,708	10.2%	52.9%	13.2%	na	4.98x	5.77x	1.65x	1.71x	1.28x
BRD	BRD	RON	20.30	14,147	14.7%	62.9%	13.3%	7.62x	9.63x	9.95x	1.42x	1.49x	1.39x
Banca Transilvania	TLV	RON	32.15	25,677	33.4%	84.0%	32.5%	7.76x	8.81x	8.37x	1.82x	1.78x	1.53x
Komerční	KOMB	CZK	773.50	147,003	9.1%	17.0%	6.8%	8.76x	9.55x	9.23x	1.09x	1.17x	1.15x
<b>Mean</b>								<b>6.67x</b>	<b>5.85x</b>	<b>5.52x</b>	<b>1.23x</b>	<b>1.39x</b>	<b>1.17x</b>
<b>Median</b>								<b>5.43x</b>	<b>4.98x</b>	<b>4.39x</b>	<b>1.19x</b>	<b>1.41x</b>	<b>1.17x</b>

Source: Bloomberg, S&P Capital IQ

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