



Economy

Nominal wages up 15.3% y/y in 4Q23

In 4Q23, average monthly nominal wages in Georgia increased by 15.3% y/y (+14.8% in real terms, adjusted for a sharp reduction in annual inflation) to GEL 2,045, after growing by 16.3% y/y in 3Q23, according to Geostat. By economic activity, the highest monthly average wages were observed in the following sectors: information and communication (GEL 4,309, +17.3% y/y), financial and insurance (GEL 3,110, +14.1% y/y) and construction (GEL 3,063, +20.8% y/y). The lowest average monthly wages were in education (GEL 1,157, +15.0% y/y), water supply (GEL 1,320, +16.1% y/y) and agriculture (GEL 1,463, +24.1% y/y) in 4Q23.

On average, monthly nominal wages were up by 20.4% y/y in 2023, after a 18.3% y/y growth in 2022.

Real GDP growth was 6.9% in 4Q23

Georgia's real GDP increased by 6.9% y/y in 4Q23 according to Geostat, revised slightly upwards from the preliminary estimate of 6.8%. Overall, Georgia's economy grew by 7.5% y/y in 2023. Notably, Nominal GDP increased by 10.1% y/y to GEL 80.2bn (US\$ 30.5bn). With high economic growth and the GEL's appreciation, GDP per capita increased by 22.0% y/y, reaching US\$ 8,210 in 2023.

By economic sectors, high contributions to the 2023 growth came from trade (+13.6% y/y), construction (+17.2% y/y), ICT (+27.4% y/y), public administration (+13.7% y/y), transportation & storage (+13.3% y/y) and education (+18.9% y/y). Meanwhile, healthcare (-15.4% y/y), real estate (-2.5% y/y) and agriculture (-2.8% y/y) sectors contracted in 2023.

For 2024, we forecast real GDP to grow by 6.0% in our baseline scenario and by 7.0% in upside scenario.

Goods exports increased by 2.0% y/y in Feb-24

In Feb-24, goods exports increased by 2.0% y/y to US\$ 464.7mn, after falling 26.2% y/y in previous month. Similarly, goods imports also increased by 4.4% y/y to US\$ 1.1bn in February, following a 7.5% y/y reduction in previous month. Consequently, the trade deficit increased by 6.3% y/y to US\$ 650.6mn in Feb-24.

The top 5 exported commodities were cars (+13.6% y/y), wine (+58.8% y/y), ferro-alloys (+8.6% y/y), spirits (+93.6% y/y) and precious metals (+87.0% y/y) in Feb-24. A 8.7% of exports were directed to the EU (-4.1% y/y), 66.6% to the CIS (+21.3% y/y) and 24.7% to other countries (-27.6% y/y).

The top 5 imports were cars (-36.3% y/y), petroleum (+40.5% y/y), gases (-30.4% y/y), pharmaceuticals (-11.8% y/y) and phones (+5.7% y/y) in Feb-24.

Overall, in 2M24, trade deficit expanded by 5.9% y/y to US\$ 1.3bn, as exports decreased by 12.2% y/y to US\$ 803.3mn and imports were down by 1.6% y/y to US\$ 2.1bn.

Producer price index increased by 2.0% y/y in Feb-24

Annual PPI for industrial goods increased by 2.0% in Feb-24, posting growth for the first time since Jan-23, according to Geostat, after falling by 0.7% y/y in previous month. On a monthly basis, there was a 1.4% increase in the PPI for Feb-24. This monthly growth was primarily driven by a rise in prices in the manufacturing sector (+1.6% m/m), followed by electricity supply (+1.1% m/m).

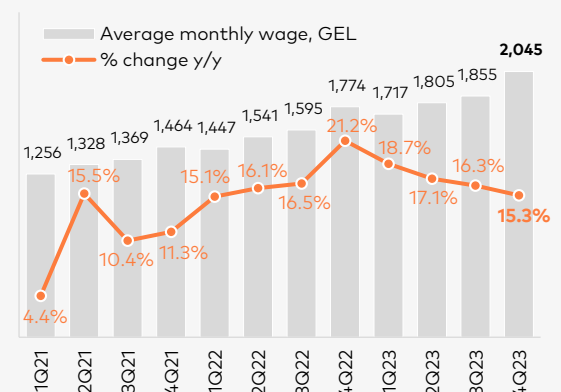
Key macro indicators

	2023E	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	22,481	24,844
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)	4.5%	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/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

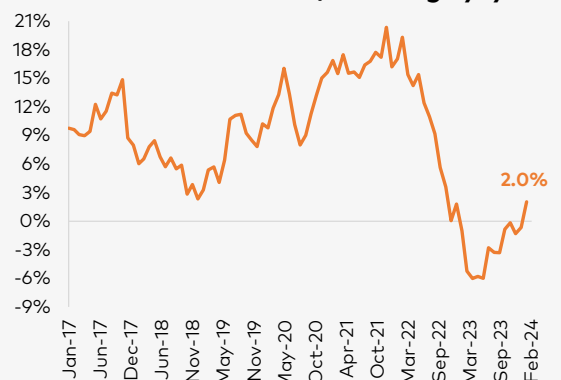
*Latest sovereign credit ratings

Average monthly nominal wage



Source: Geostat

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

7.3-year GEL 75.0mn (US\$ 27.7mn) Benchmark bonds were sold at the auction held at NBG on March 19, 2024. Total demand was 1.8x higher and the weighted average yield was fixed at 7.997%, down by 0.294ppts from previous auction held in Feb-24.

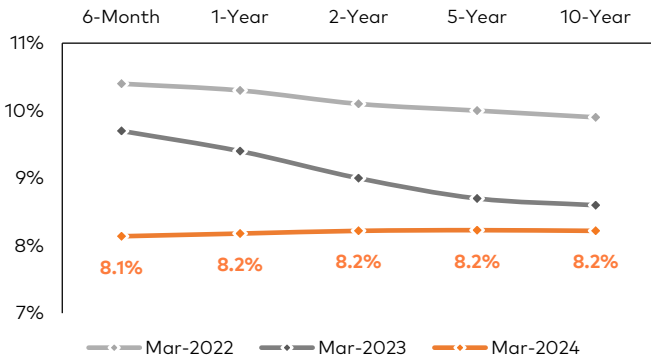
The nearest treasury security auction is scheduled for March 26, 2024, where GEL 100.0mn nominal value 5-year Benchmark Bonds will be sold.

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)	170	360	410
Long-term (over 1-year)	782	2,565	7,752
Total	952	2,925	8,162

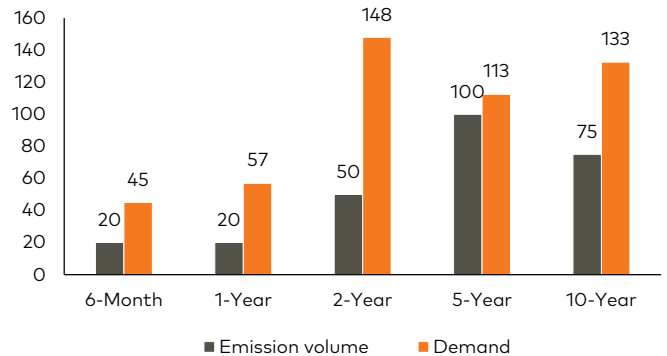
Source: MoF
*As of February 2024

T-bills / T-notes, yield curve



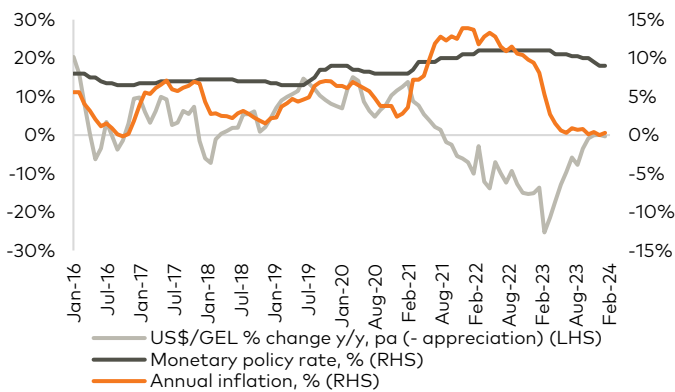
Source: NBG

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



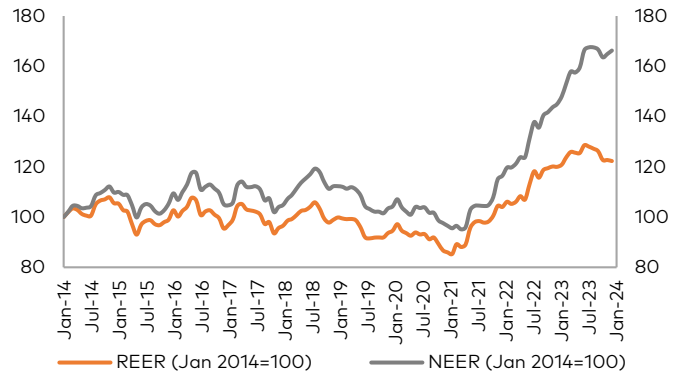
Source: NBG

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	93.15	6.33	185.65
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/-	90.84	6.51	245.39
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-	100.87	12.76	207.09
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	101.30	7.85	301.06
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/-/Ba2	99.77	6.65	123.72
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.38	13.18	467.96

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

Georgian local bonds performance

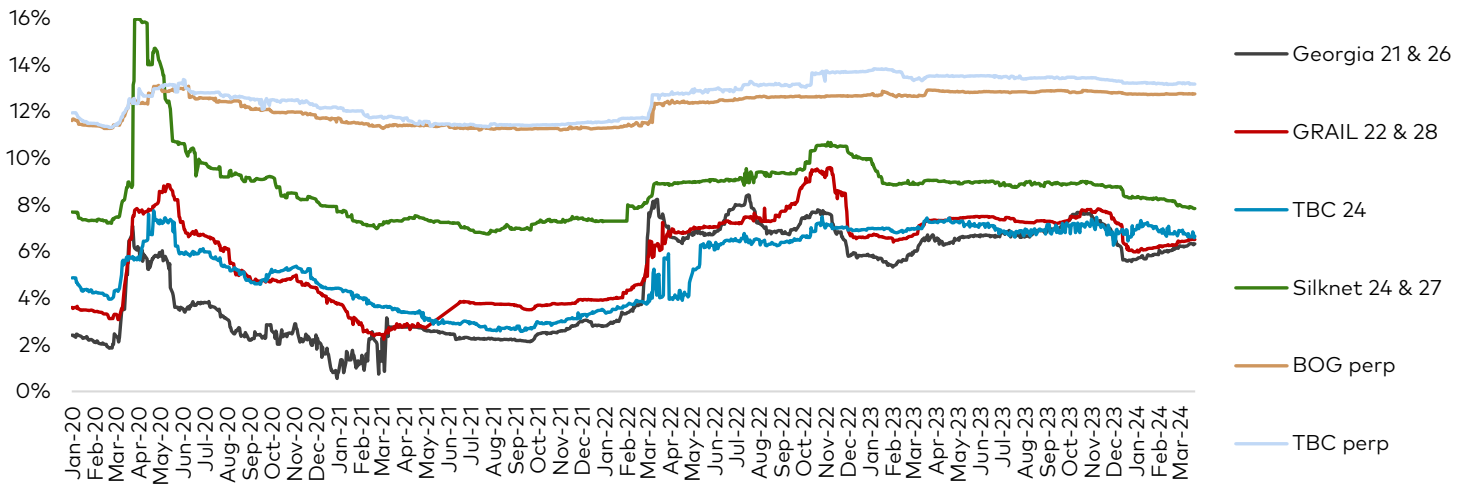
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/B+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-/-	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-/-/B-	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/-/B-	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



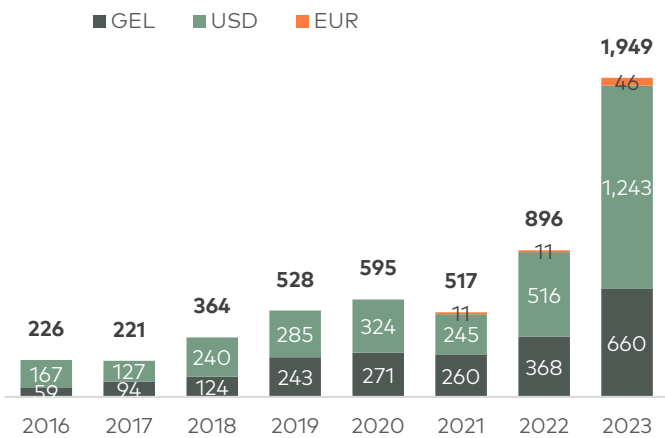
Fixed income

Georgian Eurobonds, YTM



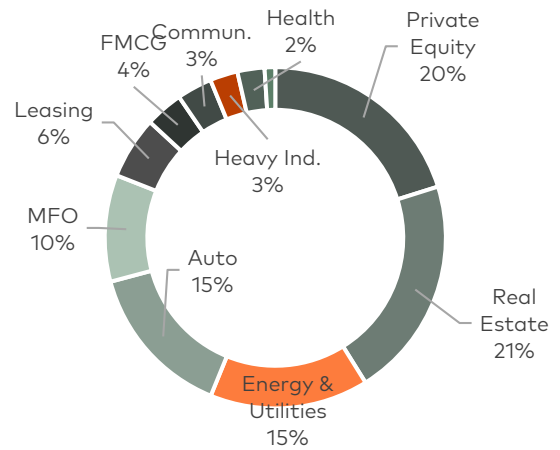
Source: Bloomberg

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

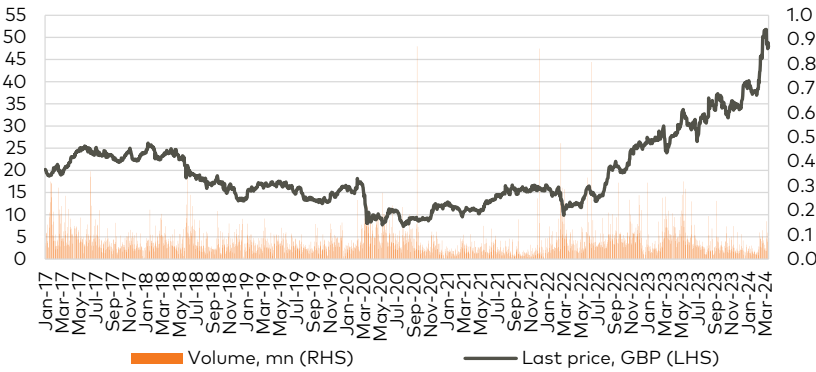


Source: Galt & Taggart



Equities

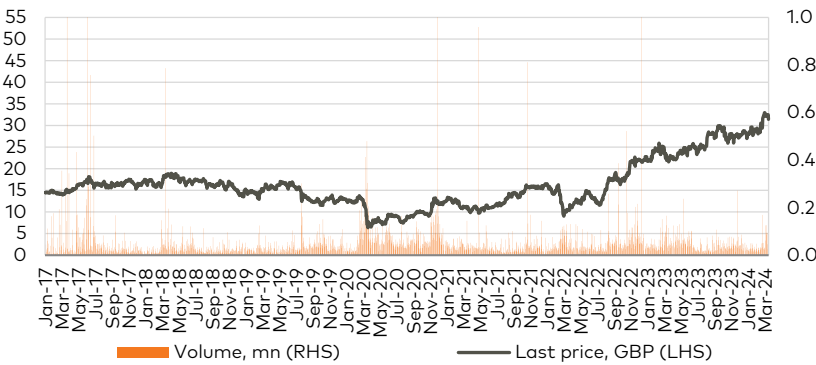
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 47.85/share (-1.24% w/w and +4.70% m/m). More than 379k shares traded in the range of GBP 46.85 - 49.45/share. Average daily traded volume was 70k in the last 4 weeks. The volume of BGEO shares traded was at 0.83% of its capitalization.

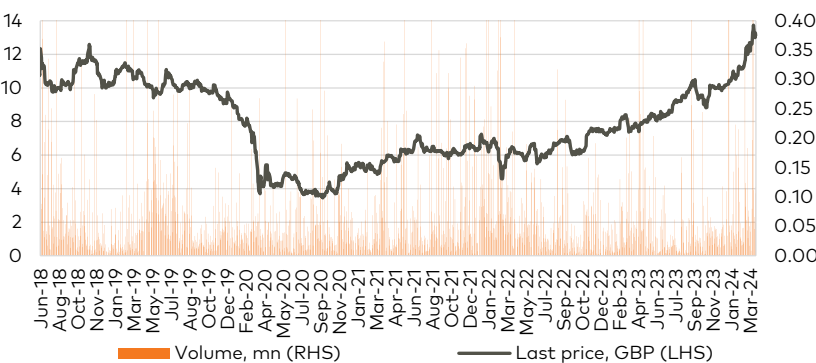
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 31.45/share (-2.78% w/w and +6.25% m/m). More than 273k shares changed hands in the range of GBP 31.30 - 32.70/share. Average daily traded volume was 63k in the last 4 weeks. The volume of TBCG shares traded was at 0.49% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 13.12/share (-4.51% w/w and +5.98% m/m). More than 392k shares traded in the range of GBP 12.90 - 13.64/share. Average daily traded volume was 116k in the last 4 weeks. The volume of CGEO shares traded was at 0.92% 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	47.85	2,187	30.7%	87.3%	20.4%	4.36x	5.15x	4.93x	1.19x	na	na
TBC	TBC	GBP	31.45	1,742	7.3%	39.8%	11.1%	4.78x	4.62x	3.81x	1.15x	na	na
Halyk Bank	HSBK	USD	17.80	4,854	32.0%	56.1%	17.4%	2.57x	3.17x	3.00x	0.72x	0.85x	0.73x
Akbank	AKBNK	TRY	45.82	238,264	48.8%	155.5%	25.5%	2.86x	3.78x	2.65x	0.90x	1.02x	0.76x
Garanti	GARAN	TRY	68.80	288,960	35.4%	163.4%	17.9%	2.84x	4.53x	2.56x	1.00x	1.12x	0.85x
Isbank	ISCTR	TRY	11.02	275,500	10.6%	101.1%	17.9%	3.23x	3.87x	2.50x	0.87x	0.99x	0.72x
PKO	PKO	PLN	57.62	72,025	66.6%	109.1%	14.5%	11.44x	6.92x	7.39x	1.39x	1.35x	1.29x
PEKAO	PEO	PLN	177.50	46,588	79.0%	118.6%	16.7%	6.07x	7.22x	7.98x	1.32x	1.40x	1.35x
Millennium	MIL	PLN	10.60	12,858	95.6%	166.7%	26.9%	17.78x	4.36x	5.31x	1.47x	1.61x	1.33x
Mbank	MBK	PLN	737.00	31,297	88.9%	162.1%	37.8%	na	7.15x	6.69x	1.65x	1.81x	1.50x
BRD	BRD	RON	20.75	14,461	32.7%	72.9%	15.8%	7.62x	10.51x	10.34x	1.42x	1.47x	1.50x
Banca Transilvania	TLV	RON	27.68	22,107	21.7%	58.6%	14.1%	7.76x	8.10x	7.39x	1.82x	1.49x	1.28x
Komerčni	KOMB	CZK	826.00	156,981	22.9%	18.3%	14.0%	8.76x	10.58x	10.39x	1.09x	1.26x	1.19x
Mean								6.67x	6.15x	5.76x	1.23x	1.31x	1.14x
Median								5.43x	5.15x	5.31x	1.19x	1.35x	1.28x

Source: Bloomberg, S&P Capital IQ

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