



Economy

Unemployment rate reduced in 2Q24

The unemployment rate reduced by 3.1ppts y/y to a new record low level of 13.7% in 2Q24, driven by strong economic growth. During this period, the number of hired employed individuals increased by 2.1% y/y, accounting for 67.4% of total employment, while self-employed persons rose by 10.1% y/y. Notably, labor force participation rate increased by 1.3ppts y/y to 54.5 % in 2Q24, although it decreased from 55.0% in 1Q24.

We forecast unemployment rate at 14.5% in 2024, down from 16.4% in 2023.

Goods exports surged by 29.9% y/y in Jul-24

In Jul-24, goods exports surged by 29.9% y/y to a new record high monthly level of US\$ 684.6mn, following a 5.8% y/y growth in previous month. Imports also increased by 7.2% y/y to US\$ 1.4bn, recovering from a 5.7% y/y decline in previous month. Consequently, the trade deficit decreased by 7.8% y/y to US\$ 735.7mn in Jul-24.

The top 5 exported commodities were cars (+38.4% y/y), ferro-alloys (+37.1x y/y), spirits (+98.6% y/y), wine (-26.5% y/y) and aerated waters (+103.0% y/y) in Jul-24. A 5.2% of exports were directed to the EU (-29.9% y/y), 69.5% to the CIS (+37.2% y/y) and 25.3% to other countries (+33.9% y/y).

The top 5 imports were cars (-30.4% y/y), petroleum (+23.5% y/y), pharmaceuticals (+18.4% y/y), automatic data processing machines (+350.1% y/y) and mixed goods (+20.5x y/y) in Jul-24.

Overall, in 7M24, trade deficit increased by 5.8% y/y to US\$ 5.5bn, as exports declined by 1.3% y/y to US\$ 3.5bn, while imports rose by 2.9% y/y to US\$ 9.0bn.

Producer price index increased by 8.2% y/y in Jul-24

Annual PPI for industrial goods rose by 8.2% in Jul-24, after increasing by 9.3% y/y in previous month. The annual growth was mainly driven by a rise in prices in the manufacturing sector (+7.4% y/y) and mining (+20.9% y/y) sectors.

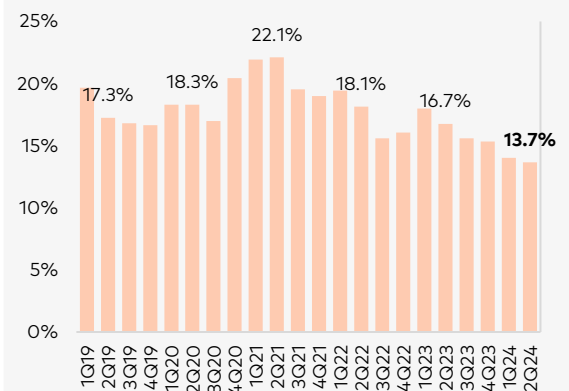
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	7.0%
GDP per capita (ppp)	23,344	24,967
GDP per capita (US\$)	8,210	8,727
Population (mn)	3.7	3.7
Inflation (average)	2.5%	2.5%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	4.4%	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

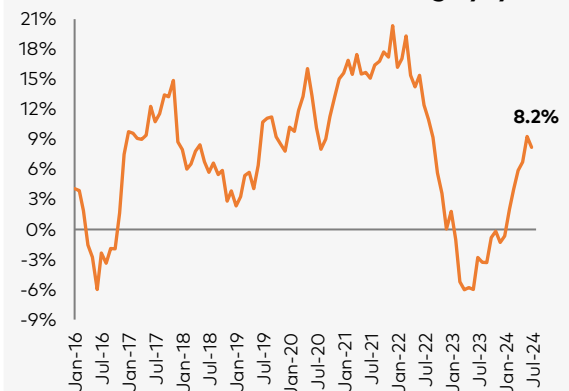
*Latest sovereign credit ratings

Unemployment rate in Georgia



Source: Geostat

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

6.9-year GEL 75.0mn (US\$ 27.9mn) Benchmark bonds were sold at the auction held at NBG on August 20, 2024. Total demand was 2.7x higher and the weighted average yield was fixed at 9.152%, down by 0.646ppts from previous auction held in Jul-24.

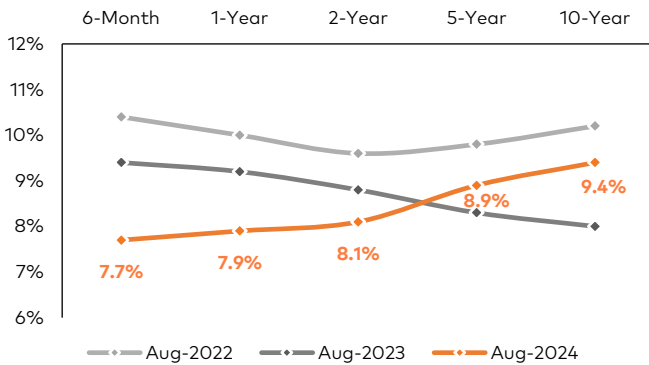
The nearest treasury security auction is scheduled for August 27, 2024, where GEL 85.0mn nominal value 5-year Benchmark Bonds will be sold.

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)	370	160	360
Long-term (over 1-year)	1,934	1,080	8,394
Total	2,304	1,240	8,754

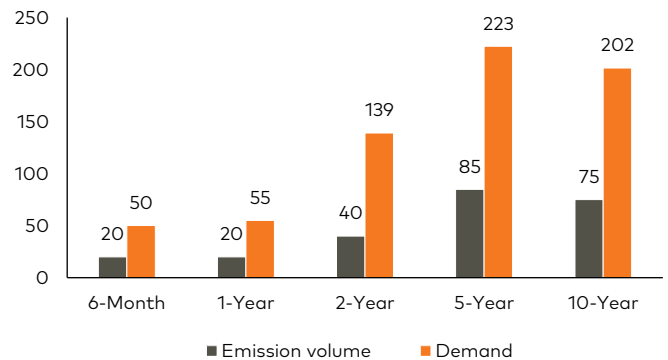
Source: MoF
*As of July 2024

T-bills / T-notes, yield curve



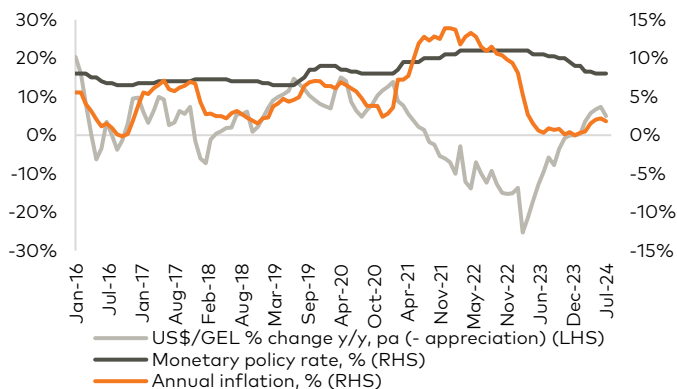
Source: NBG

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



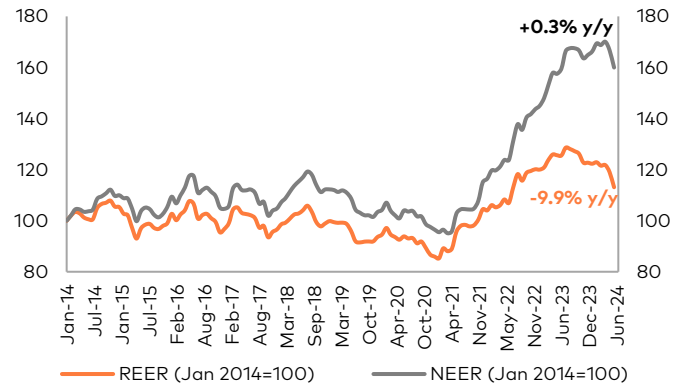
Source: NBG

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

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield, %	Z-spread, bps
						(Fitch/S&P/Moody/Scope)			
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2	94.13	6.56	268.77
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	90.03	7.03	357.64
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	98.06	10.02	658.80
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	99.97	8.39	472.92
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.25	7.84	265.02
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.85	10.89	720.98
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.70	10.57	705.66
CGEOLN 07/29	USD	300	10.250%	Jul-24	Jul-29	BB-/BB-/-	101.83	8.41	484.91

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

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield, %
						(Fitch/S&P/Moody/Scope)		
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
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
Tegeta Motors	USD	5	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	n/a
Tegeta Motors	USD	3.3	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	n/a
IG Development	USD	19.5	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	n/a
Tegeta Motors	USD	5	8.50%	Jul-24	Jul-26	-/-/-/BB-	n/a	n/a
MP Development	USD	5	8.75%	Jul-24	Jul-26	-/-/-/-	n/a	n/a
JSC BasisBank	USD	20	7.00%	Jul-24	Jul-27	-/-/-/-	n/a	n/a
m2	USD	25	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	n/a

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



Fixed income

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %
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
MP Development	EUR	3	7.75%	Jul-24	Jul-26	-/-/-	n/a	n/a
Silk Real Estate	EUR	7	7.00%	Aug-24	Aug-25	-/-/-	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
Tegeta Motors	GEL	10	13.50%	Jul-24	Jul-26	-/-/BB-	n/a	n/a
Tegeta Motors	GEL	15	13.50%	Aug-24	Aug-26	-/-/BB-	n/a	n/a

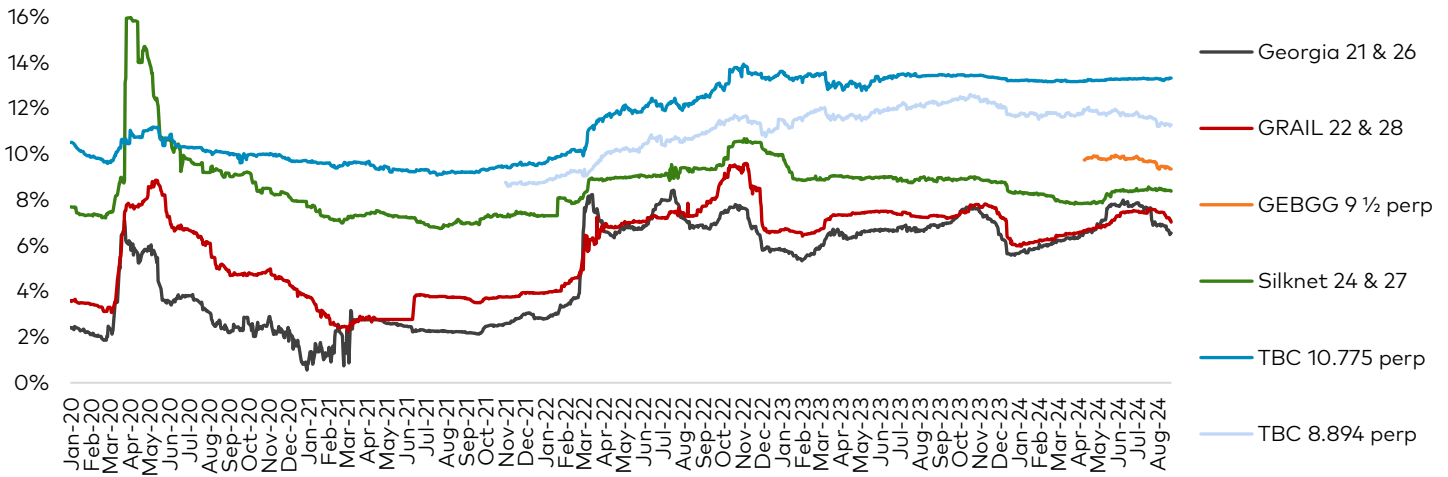
■ Galt & Taggart-led and/or co-managed deals

Source: Bloomberg, Galt & Taggart



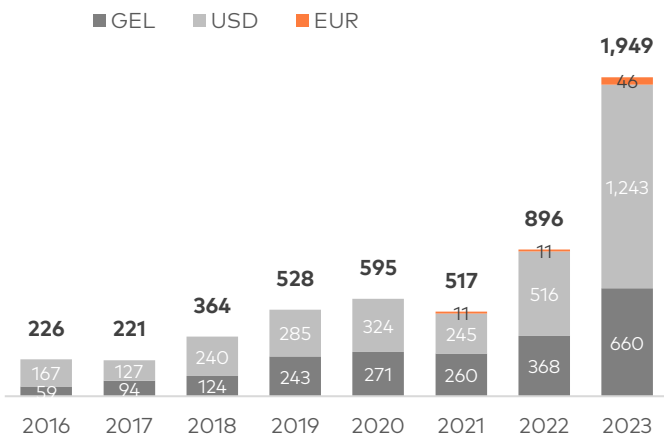
Fixed income

Georgian Eurobonds, YTM



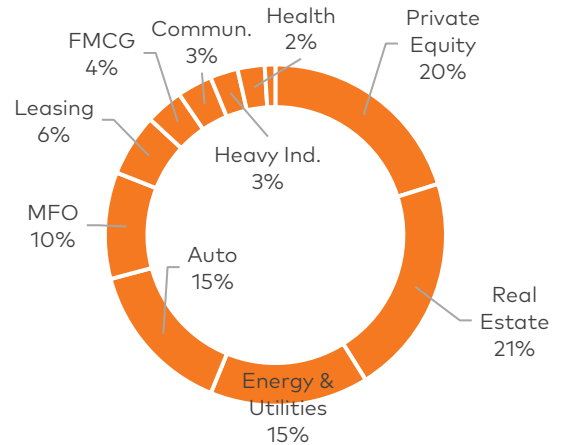
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



Source: Galt & Taggart
Note: USD and EUR bonds are converted into GEL as of issuance date

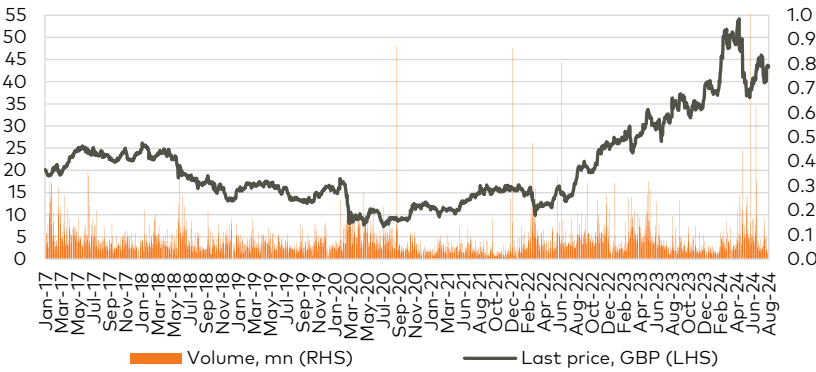
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

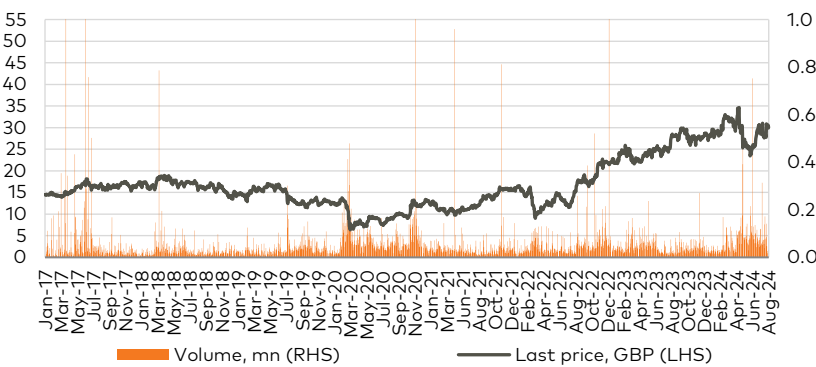
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 43.55/share (+0.46% w/w and unchanged m/m). More than 225k shares traded in the range of GBP 41.20 - 44.85/share. Average daily traded volume was 63k in the last 4 weeks. The volume of BGEO shares traded was at 0.49% of its capitalization.

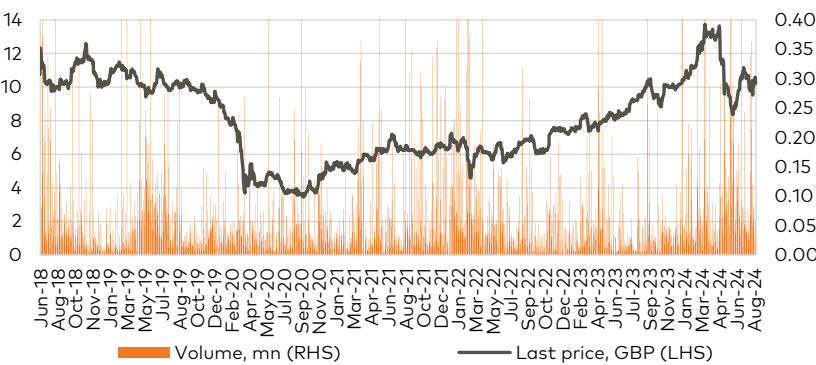
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 30.15/share (-0.82% w/w and +5.60% m/m). More than 142k shares changed hands in the range of GBP 29.80 - 31.00/share. Average daily traded volume was 80k in the last 4 weeks. The volume of TBCG shares traded was at 0.26% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 10.24/share (+1.79% w/w and -5.19% m/m). More than 256k shares traded in the range of GBP 10.10 - 10.78/share. Average daily traded volume was 100k in the last 4 weeks. The volume of CGEO shares traded was at 0.60% 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	43.55	1,985	-4.5%	25.7%	9.6%	4.36x	4.05x	4.11x	1.19x	na	na
TBC	TBC	GBP	30.15	1,670	-1.3%	7.3%	6.5%	4.78x	4.86x	4.14x	1.15x	na	na
Halyk Bank	HSBK	USD	18.00	4,909	3.4%	23.3%	18.7%	2.57x	2.87x	2.71x	0.72x	na	na
Akbank	AKBNK	TRY	58.10	302,120	35.4%	110.1%	59.1%	2.86x	4.30x	2.75x	0.90x	1.16x	0.83x
Garanti	GARAN	TRY	109.00	457,800	64.3%	120.2%	86.8%	2.84x	4.65x	3.07x	1.00x	1.40x	0.94x
Isbank	ISCTR	TRY	13.12	328,000	14.1%	95.4%	40.4%	3.23x	3.59x	2.32x	0.87x	0.98x	0.68x
PKO	PKO	PLN	57.66	72,075	2.1%	55.8%	14.6%	11.44x	5.74x	6.64x	1.39x	1.41x	1.30x
PEKAO	PEO	PLN	159.85	41,956	-8.1%	51.5%	5.1%	6.07x	6.65x	6.97x	1.32x	1.32x	1.25x
Millennium	MIL	PLN	8.90	10,796	-8.2%	49.7%	6.5%	17.78x	3.90x	4.57x	1.47x	1.38x	1.20x
Mbank	MBK	PLN	626.20	26,592	-8.3%	53.1%	17.0%	na	6.29x	5.99x	1.65x	1.74x	1.32x
BRD	BRD	RON	21.80	15,192	14.9%	58.9%	21.7%	7.62x	10.36x	10.70x	1.42x	1.60x	1.50x
Banca Transilvania	TLV	RON	28.95	23,121	28.3%	62.1%	37.0%	7.76x	6.95x	7.01x	1.82x	1.62x	1.68x
Komerčni	KOMB	CZK	759.00	144,247	-8.2%	7.7%	4.8%	8.76x	9.52x	9.27x	1.09x	1.15x	1.14x
Mean								6.67x	5.67x	5.40x	1.23x	1.38x	1.18x
Median								5.43x	4.86x	4.57x	1.19x	1.39x	1.22x

Source: Bloomberg, S&P Capital IQ

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