



Economy

IMF updates world economic outlook

On October 22, 2024, the IMF published its updated global economic outlook. The report indicates that global growth is expected to remain stable, with projected rates of 3.2% for both 2024 and 2025. Additionally, the IMF forecasts a gradual decline in global inflation, reducing from an average of 6.7% in 2023 to 5.8% in 2024 and further to 4.3% in 2025. Specifically for Georgia, the IMF projects a robust growth rate of 7.6% for 2024, followed by 6.0% in 2025, the highest in the region.

NBG kept its key rate unchanged at 8.0%

On October 23, 2024, the Monetary Policy Committee of the NBG decided to maintain its key interest rate at 8.0%, despite the prevailing low inflation environment. This cautious approach reflects ongoing uncertainty, both domestically and globally, which continues to present risks. The ongoing conflict in Ukraine, coupled with escalating geopolitical tensions in the Middle East, could elevate regional risk premiums, which may lead to inflationary pressures through various channels, as noted by the regulator. Furthermore, stronger-than-expected growth domestically could also contribute to upward pressure on prices in the future. According to the NBG's current forecast, inflation is anticipated to remain below the target level in 2024, averaging around 1.2%, before stabilizing at approximately 3.0% in the medium term. The next committee meeting is scheduled for December 18, 2024.

Goods exports increased by 17.0% y/y in Sep-24

In Sep-24, goods exports increased by 17.0% y/y to US\$ 615.6mn, following a 30.1% y/y growth in previous month. In contrast, imports continued to decline, down by 4.2% y/y to US\$ 1.3bn, after a 1.8% y/y decrease in previous month. Consequently, the trade deficit narrowed by 17.3% y/y to US\$ 707.9mn in Sep-24.

The top 5 exported commodities were cars (+43.9% y/y), spirits (+41.8% y/y), precious metals (+132.9% y/y), wine (-25.9% y/y) and nuts (+29.9% y/y) in Sep-24. A 7.8% of exports were directed to the EU (-18.0% y/y), 75.6% to the CIS (+34.1% y/y) and 16.6% to other countries (-15.2% y/y). The top 5 imports were cars (-32.5% y/y), petroleum (+1.5% y/y), pharmaceuticals (+21.6% y/y), bars & rods of iron (+176.0% y/y) and phones (-1.7% y/y) in September.

Overall, in 9M24, trade deficit widened by 3.3% y/y to US\$ 7.2bn, as exports increased by 4.1% y/y to US\$ 4.8bn and imports were up by 3.6% y/y to US\$ 12.0bn.

Producer price index increased by 8.8% y/y in Sep-24

Annual PPI for industrial goods rose by 8.8% in Sep-24, unchanged from the previous month. The annual growth was mainly driven by a rise in prices in the manufacturing (+8.1% y/y) and mining (+23.3% y/y) sectors.

NBG sold US\$ 100mn

On October 23 and 25, 2024, the NBG intervened in the FX market by selling US\$ 60mn and US\$ 40mn, respectively to mitigate the influence of non-fundamental factors and to address the usual market volatility that frequently occurs during the pre-election period, according to the regulator's statement.

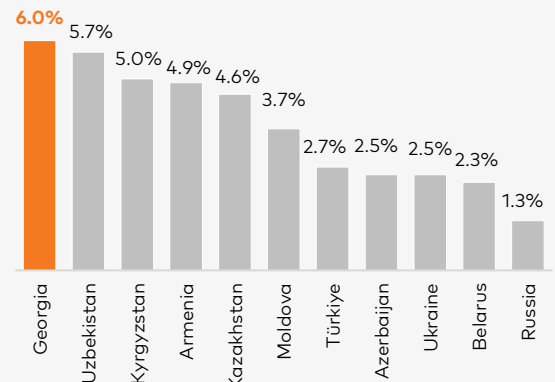
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	9.0%
GDP per capita (ppp)	24,990	27,537
GDP per capita (US\$)	8,219	8,939
Population (mn)	3.7	3.7
Inflation (average)	2.5%	1.8%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	5.6%	5.0%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	36.5%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

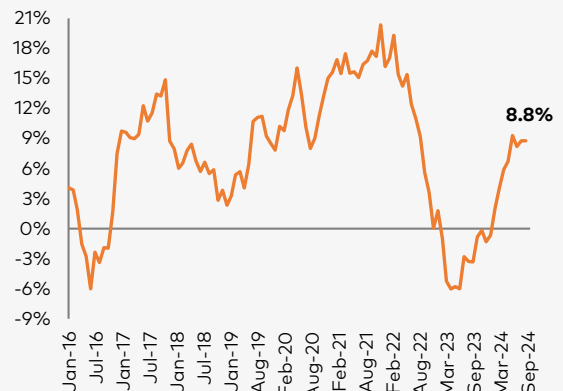
*Latest sovereign credit ratings

Real GDP growth projections for 2025 by IMF



Source: IMF's WEO, October 2024

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

5-year GEL 100.0mn (US\$ 36.8mn) Benchmark bonds were sold at the auction held at NBG on October 22, 2024. Total demand was 2.6x higher and the weighted average yield was fixed at 8.353%, down by 0.112ppts from previous auction held in Sep-24.

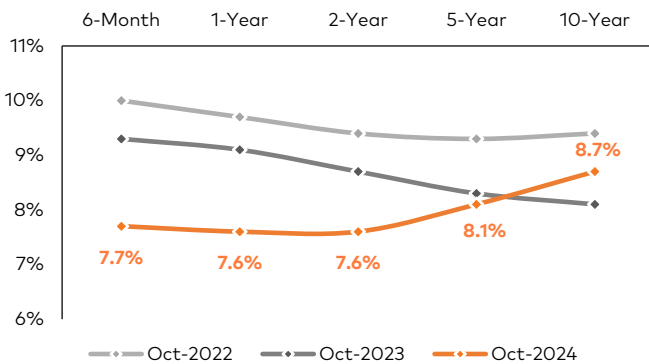
The nearest treasury security auction is scheduled for November 5, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 50.0mn nominal value 3.2-year Benchmark Bonds will be sold.

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)	450	80	360
Long-term (over 1-year)	2,521	510	8,824
Total	2,976	590	9,184

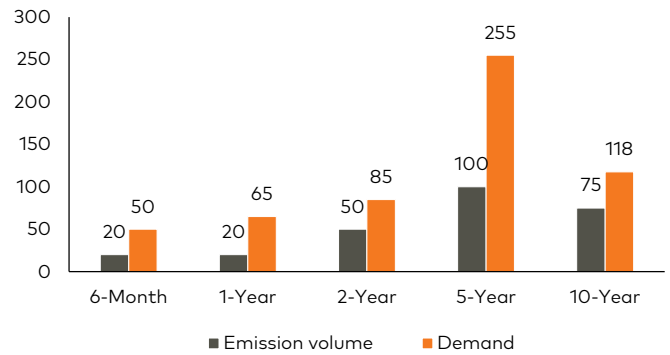
Source: MoF
*As of September 2024

T-bills / T-notes, yield curve



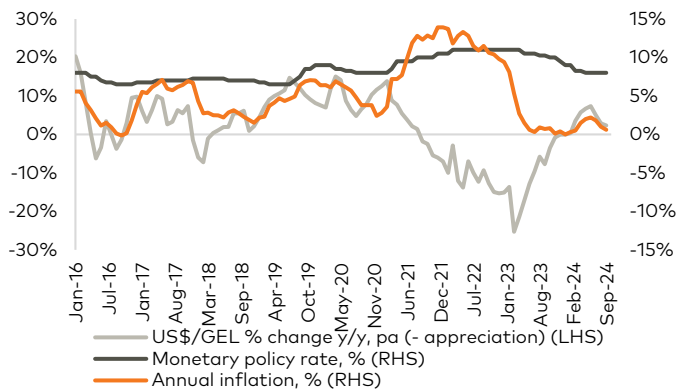
Source: NBG

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



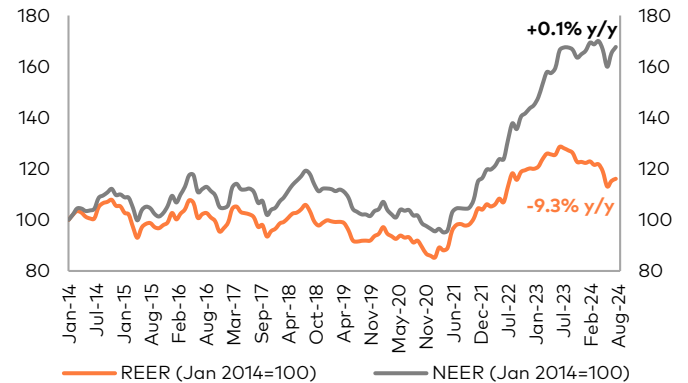
Source: NBG

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 (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	94.15	6.98	300.69
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	89.86	7.22	347.99
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	98.16	10.00	627.58
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	100.72	8.01	367.57
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	96.23	10.80	695.10
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.74	10.60	687.25
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	101.72	8.42	457.51

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

Georgian local bonds

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	6.75%
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	8.13%
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	8.63%
Tegeta Motors	USD	3.3	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	8.63%
IG Development	USD	19.5	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	8.63%
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	8.75%
JSC BasisBank	USD	20	7.00%	Aug-24	Aug-27	-/-/-/-	n/a	7.00%
Georgia Real Estate	USD	25	8.50%	Aug-24	Aug-26	-/-/-/-	n/a	8.50%
Chavchavadze 64B	USD	10	8.75%	Aug-24	Aug-26	-/-/-/-	n/a	8.75%

■ 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	6.15%
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-	99.60	6.15%
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	7.75%
Silk Real Estate	EUR	7	7.00%	Aug-24	Aug-25	-/-/-	n/a	7.00%
Chavchavadze 64B	EUR	3	7.75%	Aug-24	Aug-26	-/-/-	n/a	7.75%
GEL								
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-	100.00	11.58%
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/B	100.00	12.83%
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-/-/-	100.00	13.22%
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-	100.00	12.33%
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-	100.00	13.50%
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/BB-	n/a	n/a

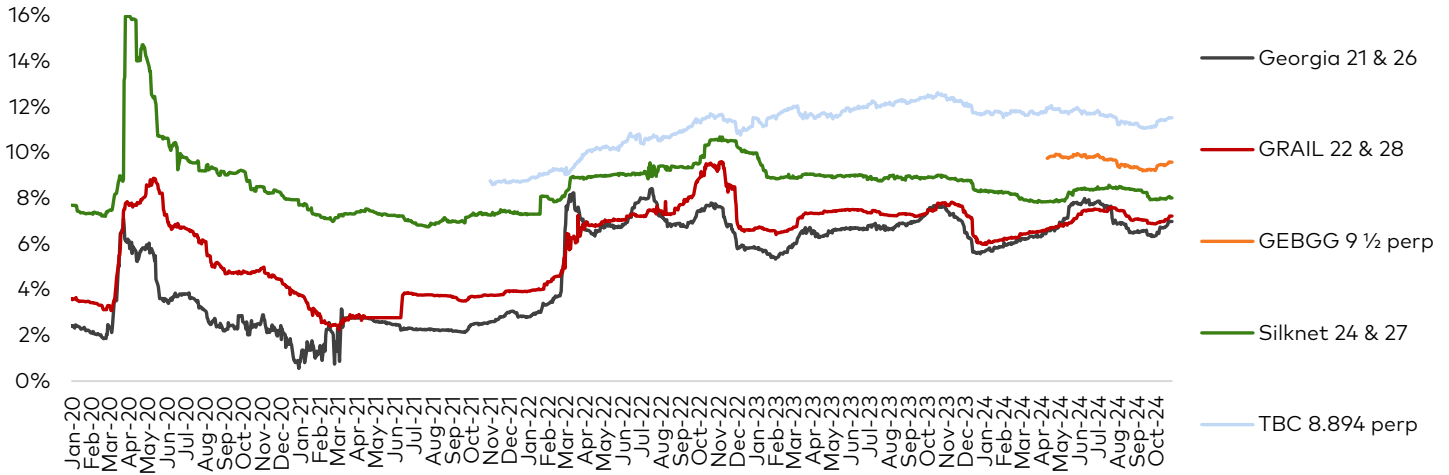
■ Galt & Taggart-led and/or co-managed deals

Source: Bloomberg, Galt & Taggart



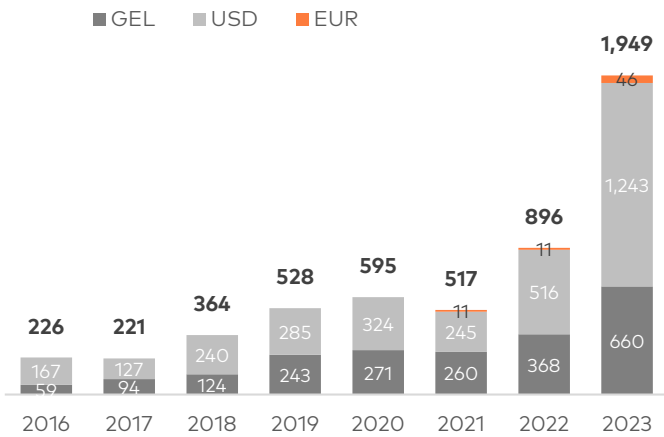
Fixed income

Georgian Eurobonds, YTM



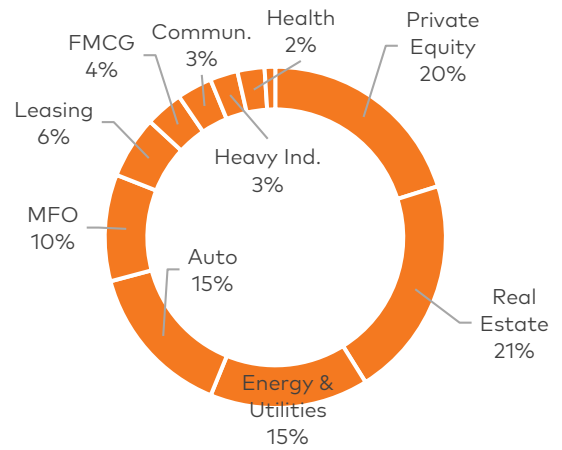
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



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

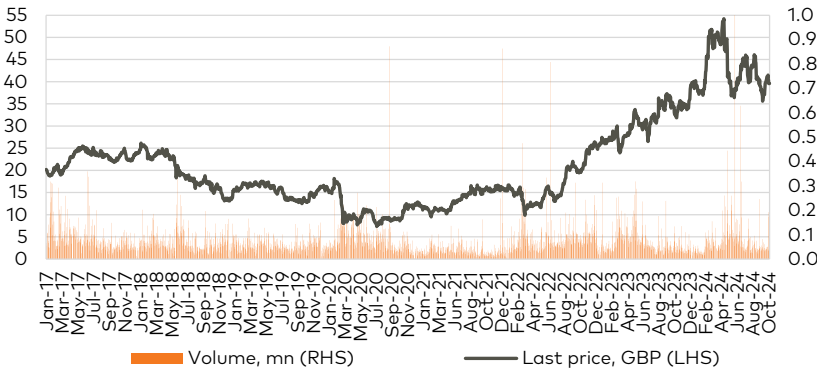
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

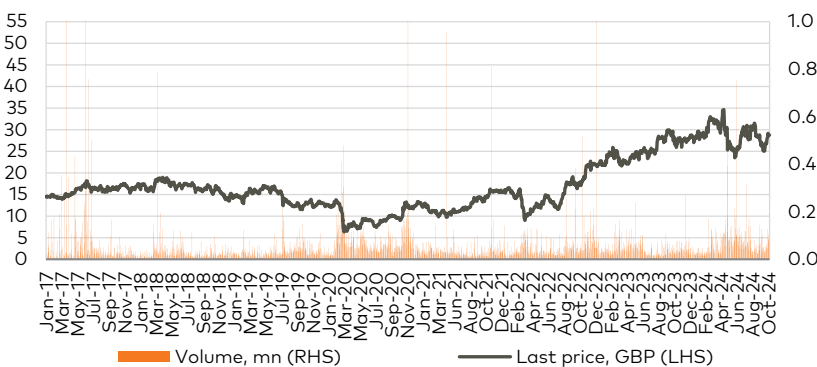
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 39.60/share (-3.77% w/w and +4.62% m/m). More than 487k shares traded in the range of GBP 39.40 - 41.95/share. Average daily traded volume was 60k in the last 4 weeks. The volume of BGEO shares traded was at 1.07% of its capitalization.

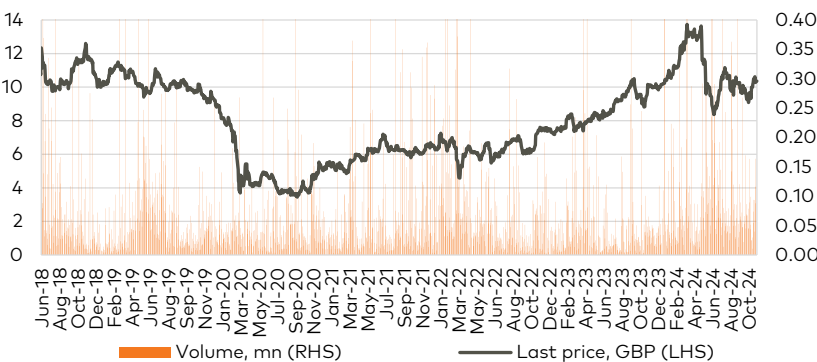
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.75/share (+3.42% w/w and +9.52% m/m). More than 482k shares changed hands in the range of GBP 27.70 - 29.35/share. Average daily traded volume was 60k in the last 4 weeks. The volume of TBCG shares traded was at 0.87% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 10.36/share (-1.33% w/w and +11.28% m/m). More than 501k shares traded in the range of GBP 10.16 - 10.66/share. Average daily traded volume was 71k in the last 4 weeks. The volume of CGEO shares traded was at 1.18% 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	39.60	1,805	-25.1%	23.4%	-0.4%	4.36x	3.54x	3.60x	1.19x	na	na
TBC	TBC	GBP	28.75	1,593	-13.0%	9.9%	1.6%	4.78x	4.57x	3.89x	1.15x	na	na
Halyk Bank	HSBK	USD	18.24	4,974	-0.3%	37.1%	20.3%	2.57x	2.85x	2.75x	0.72x	na	na
Akbank	AKBNK	TRY	49.98	259,896	-13.0%	68.9%	36.9%	2.86x	4.84x	2.73x	0.90x	1.07x	0.77x
Garanti	GARAN	TRY	111.20	467,040	40.6%	144.4%	90.6%	2.84x	4.87x	3.26x	1.00x	1.48x	0.98x
Isbank	ISCTR	TRY	11.83	295,750	-6.9%	33.8%	26.6%	3.23x	3.88x	2.32x	0.87x	0.95x	0.68x
PKO	PKO	PLN	55.94	69,925	-9.8%	33.1%	11.2%	11.44x	6.51x	6.45x	1.39x	1.38x	1.27x
PEKAO	PEO	PLN	144.80	38,006	-14.8%	14.5%	-4.8%	6.07x	5.87x	6.21x	1.32x	1.20x	1.13x
Millennium	MIL	PLN	7.88	9,553	-14.9%	5.6%	-5.7%	17.78x	3.49x	3.92x	1.47x	1.22x	1.06x
Mbank	MBK	PLN	578.00	24,545	-14.0%	11.2%	8.0%	na	5.63x	5.39x	1.65x	1.61x	1.26x
BRD	BRD	RON	20.90	14,565	1.0%	31.6%	16.6%	7.62x	9.96x	10.17x	1.42x	1.52x	1.42x
Banca Transilvania	TLV	RON	27.95	22,322	13.0%	48.1%	32.3%	7.76x	6.75x	6.78x	1.82x	1.57x	1.62x
Komerčni	KOMB	CZK	810.50	154,035	-5.9%	21.6%	11.9%	8.76x	9.84x	9.91x	1.09x	1.22x	1.22x
Mean								6.67x	5.58x	5.18x	1.23x	1.32x	1.14x
Median								5.43x	4.87x	3.92x	1.19x	1.30x	1.18x

Source: Bloomberg, S&P Capital IQ

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