



Economy

Real GDP growth was 7.5% y/y in Jun-24

Georgia's economy grew by 7.5% y/y in Jun-24, after growing by 9.2% y/y in previous month. Cumulatively, real GDP growth reached 9.0% y/y in 1H24. The financial & insurance, construction, ICT, transport, and professional & scientific activities were the primary drivers of growth in June. Meanwhile, only manufacturing sector contracted in the same period.

We maintain our real GDP growth forecast at 7.0% for 2024 (see latest macro forecasts [here](#)).

Annual inflation was 1.8% in Jul-24

In Jul-24, annual inflation retreated to 1.8%, down from the 2.2% in previous month. This slowdown was primarily driven by a deceleration in domestic inflation, which slowed to 1.9% in Jul-24 from 2.8% y/y in Jun-24. Meanwhile, imported inflation rose to 3.7% y/y in July, up from 3.3% y/y in June. Notably, core inflation, excluding volatile food, energy and tobacco prices, reduced further to 1.1% y/y in Jul-24 from 1.4% y/y recorded in previous month.

By categories, annual inflation in Jul-24 was mostly driven by price changes in transport (+9.4% y/y, +1.12ppts), food and non-alcoholic beverages (+1.4% y/y, +0.48ppts), alcoholic beverages & tobacco (+4.3% y/y, +0.29ppts), hotels & restaurants (+6.7% y/y, +0.22ppts), communication (-7.6% y/y, -0.29ppts) and utilities (-2.8% y/y, -0.22ppts) categories.

On a monthly basis, there was a 0.4% y/y deflation in Jul-24, mainly due to reduced prices in food & non-alcoholic beverages (-0.7% y/y, -0.24ppts) and communication (-6.6% y/y, -0.24ppts) categories.

NBG kept its key rate unchanged at 8.0%

On July 30, 2024, the NBG's Monetary Policy Committee decided to keep its key rate unchanged at 8.0%, citing increased inflationary risks from volatile international oil and food prices as well as higher shipping costs from China. Based on NBG's updated forecast, inflation is expected to gradually approach the 3.0% target level through 2024. The next committee meeting is scheduled for 11 September 2024.

Tourism revenues at US\$ 1.9bn in 1H24

Tourism revenues increased by 5.2% y/y to a record high of US\$ 1.9bn in 1H24, according to NBG.

We forecast tourism revenues to reach US\$ 4.3bn for the full-2024 year, up from US\$ 4.1bn in 2023.

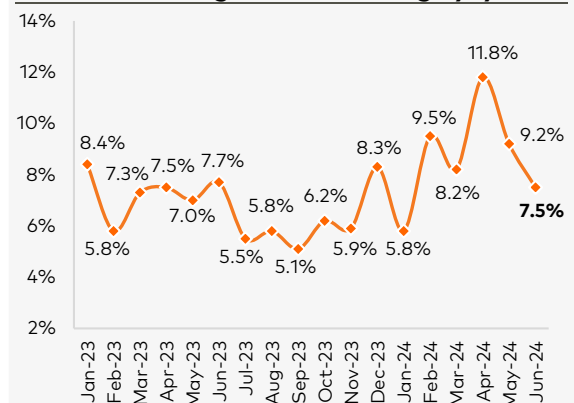
Key macro indicators

	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

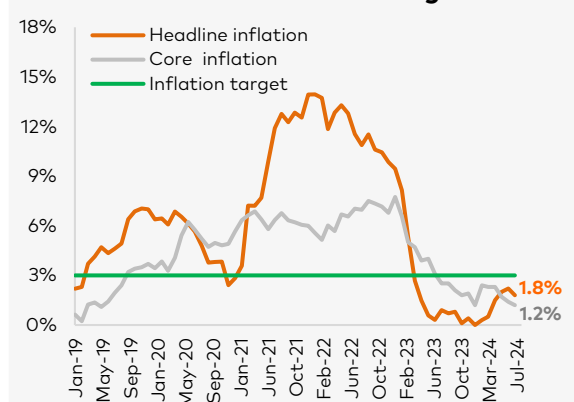
*Latest sovereign credit ratings

Real GDP growth, % change y/y



Source: Geostat

Annual inflation in Georgia



Source: Geostat, NBG

Money market

There was no treasury securities auction last week.

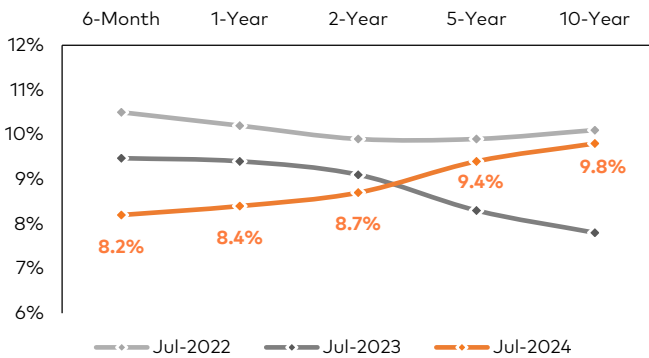
The nearest treasury security auction is scheduled for August 6, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 3.4-year Benchmark Bonds will be sold.

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)	330	200	410
Long-term (over 1-year)	1,789	1,150	8,203
Total	2,119	1,350	8,613

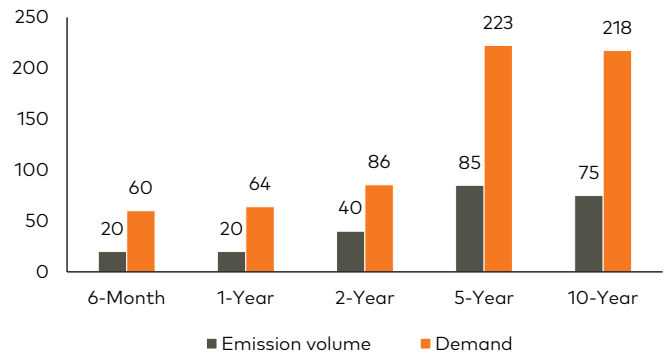
Source: MoF
*As of June 2024

T-bills / T-notes, yield curve



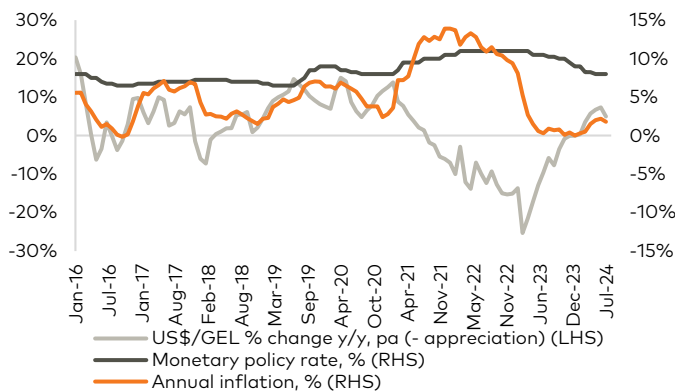
Source: NBG

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



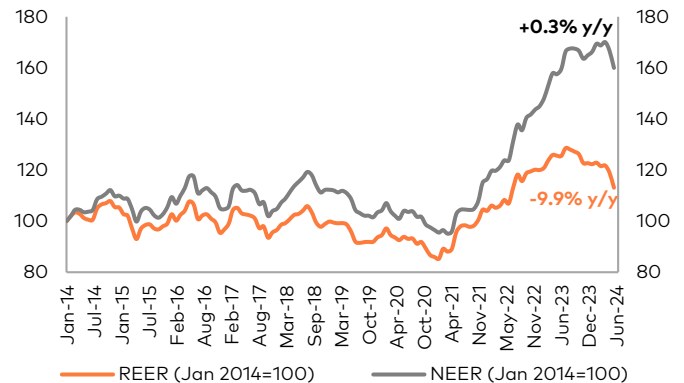
Source: NBG

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	93.45	6.87	305.18
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	88.55	7.46	403.15
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.72	10.09	668.31
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	99.79	8.47	484.64
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.19	9.22	399.33
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.69	10.91	728.38
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.37	10.65	714.95

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

Georgian local bonds

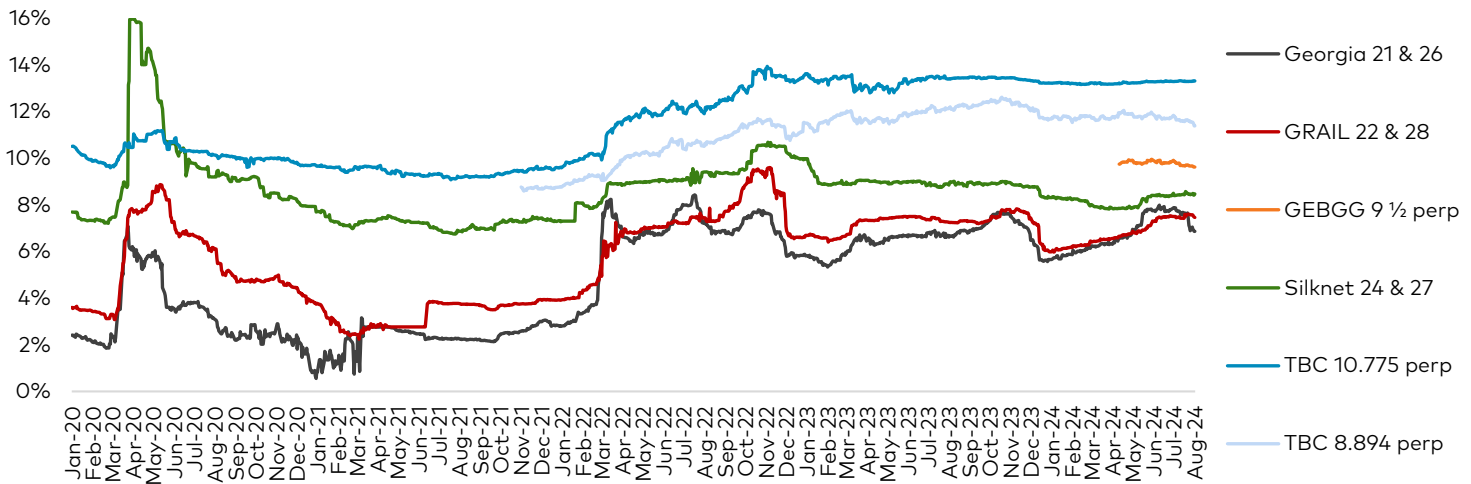
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/B+	n/a	n/a
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	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
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-/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
Tegeta Motors	GEL	10	13.50%	Jul-24	Jul-26	-/-/-/BB-	n/a	n/a

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



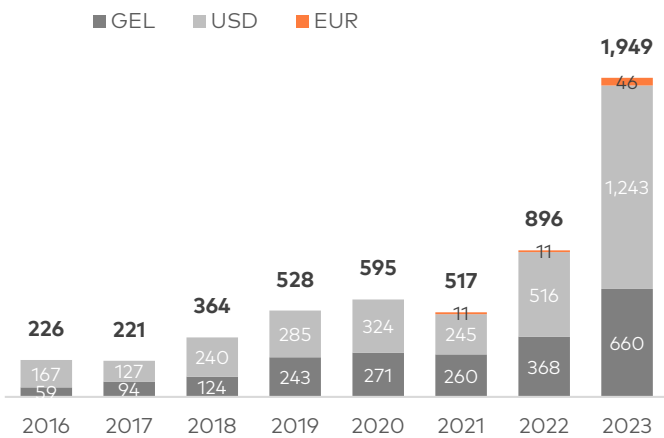
Fixed income

Georgian Eurobonds, YTM



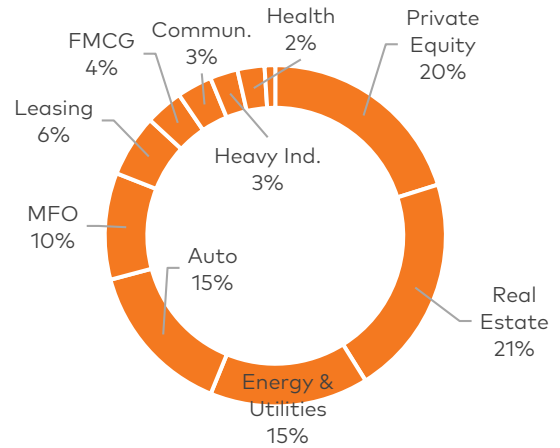
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



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

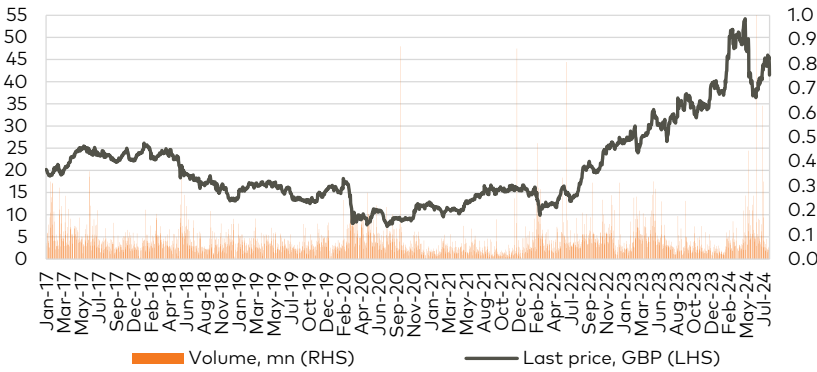
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

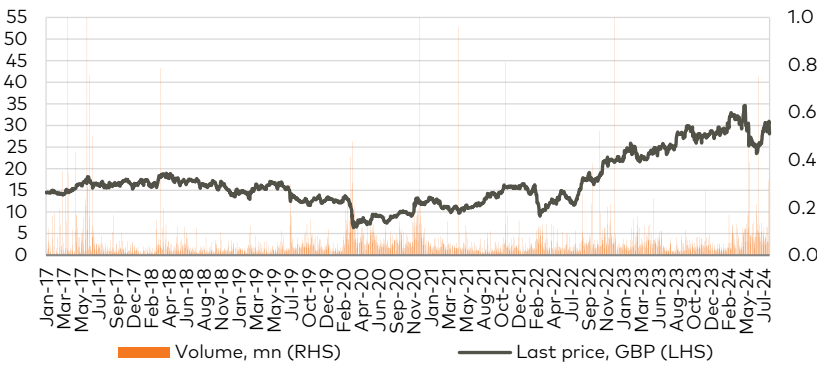
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 41.50/share (-9.78% w/w and +2.34% m/m). More than 264k shares traded in the range of GBP 41.15 - 47.10/share. Average daily traded volume was 70k in the last 4 weeks. The volume of BGEO shares traded was at 0.58% of its capitalization.

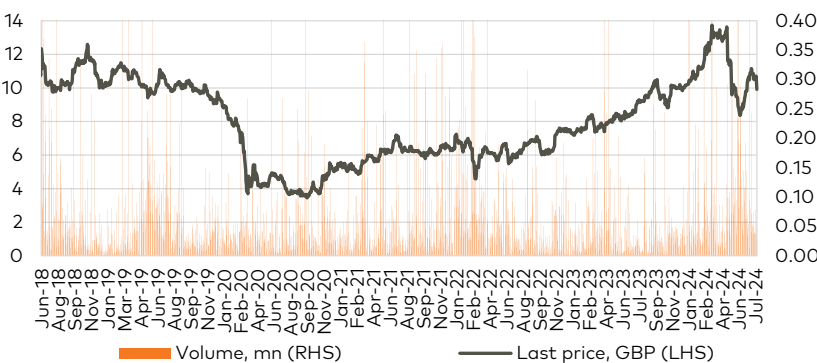
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.05/share (-7.27% w/w and +8.72% m/m). More than 579k shares changed hands in the range of GBP 28.00 - 31.95/share. Average daily traded volume was 85k in the last 4 weeks. The volume of TBCG shares traded was at 1.05% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 9.92/share (-6.94% w/w and +0.61% m/m). More than 227k shares traded in the range of GBP 9.92 - 10.88/share. Average daily traded volume was 84k in the last 4 weeks. The volume of CGEO shares traded was at 0.53% 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	41.50	1,892	9.5%	30.3%	4.4%	4.36x	3.81x	3.91x	1.19x	na	na
TBC	TBC	GBP	28.05	1,554	-3.6%	15.2%	-0.9%	4.78x	4.45x	3.83x	1.15x	na	na
Halyk Bank	HSBK	USD	17.38	4,740	18.2%	21.9%	14.6%	2.57x	2.79x	2.66x	0.72x	na	na
Akbank	AKBNK	TRY	60.20	313,040	53.3%	114.7%	64.8%	2.86x	4.40x	2.77x	0.90x	1.19x	0.83x
Garanti	GARAN	TRY	124.20	521,640	94.4%	172.5%	112.9%	2.84x	5.00x	3.36x	1.00x	1.59x	1.07x
Isbank	ISCTR	TRY	14.86	371,500	45.3%	135.9%	59.0%	3.23x	4.16x	2.61x	0.87x	1.10x	0.76x
PKO	PKO	PLN	55.88	69,850	4.4%	41.3%	11.0%	11.44x	7.00x	6.82x	1.39x	1.39x	1.29x
PEKAO	PEO	PLN	151.50	39,764	-5.3%	31.1%	-0.4%	6.07x	6.44x	6.75x	1.32x	1.25x	1.20x
Millennium	MIL	PLN	8.56	10,384	-0.2%	35.6%	2.5%	17.78x	3.82x	4.47x	1.47x	1.35x	1.17x
Mbank	MBK	PLN	582.00	24,715	4.1%	26.2%	8.8%	na	8.74x	5.97x	1.65x	1.64x	1.25x
BRD	BRD	RON	21.85	15,227	23.3%	48.6%	21.9%	7.62x	10.74x	10.87x	1.42x	1.62x	1.52x
Banca Transilvania	TLV	RON	28.50	22,762	32.9%	53.5%	34.9%	7.76x	7.75x	7.59x	1.82x	1.84x	1.58x
Komerčni	KOMB	CZK	777.00	147,668	3.2%	8.8%	7.2%	8.76x	9.98x	9.58x	1.09x	1.19x	1.18x
Mean								6.67x	6.08x	5.48x	1.23x	1.42x	1.19x
Median								5.43x	5.00x	4.47x	1.19x	1.37x	1.19x

Source: Bloomberg, S&P Capital IQ

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