



Economy

Annual inflation was 0.5% in Mar-24

In Mar-24, annual inflation slightly increased to 0.5%, following a 0.3% inflation in previous month. Similar to the previous month, the inflation observed in March was primarily driven by a 4.1% y/y decline in food prices and a 8.1% y/y increase in prices in the transport category. Notably, domestically produced goods and services prices and imported inflation increased by 2.6% y/y (+2.4% in Feb-24) and 1.6% y/y (+0.2% y/y in Feb-24), respectively in March. Meanwhile, mixed goods inflation reduced by 3.9% y/y (-3.3% y/y in Feb-24). Core inflation, excluding volatile food, energy and tobacco slightly reduced to 2.3% y/y in Mar-24, after a 2.4% y/y inflation posted in previous month.

By categories, annual inflation in Mar-24 was mostly driven by price changes in food and non-alcoholic beverages (-3.4% y/y, -1.17ppts), transport (+8.1% y/y, +0.98ppts), alcoholic beverages & tobacco (+4.5% y/y, +0.31ppts), clothing and footwear (-5.0% y/y, -0.21ppts), hotels & restaurants (+6.3% y/y, +0.20ppts) and education (+3.6% y/y, +0.16ppts) categories.

We forecast average annual inflation at 3.0% for 2024.

Tourism revenues estimated at US\$ 305mn in Mar-24

Tourism revenues increased by 10.2% y/y to US\$ 305mn in Mar-24, according to our estimates. Overall, in 1Q24 tourism revenues reached US\$879mn (+10.6% y/y) by our estimates.

We forecast tourism revenues at US\$ 4.5bn (+10.0% y/y) for 2024.

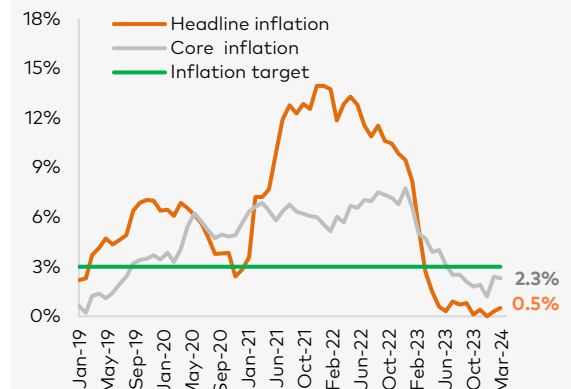
Key macro indicators

	2023	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)	4.3%	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/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

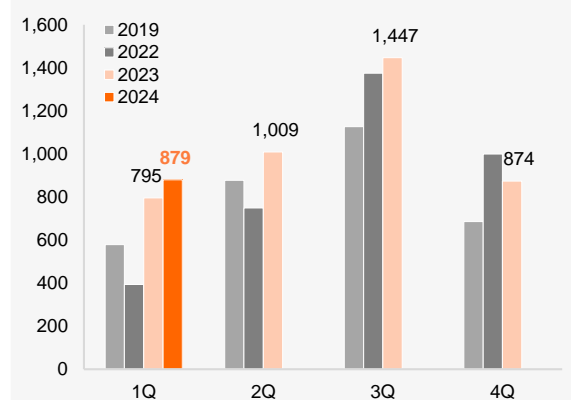
*Latest sovereign credit ratings

Annual inflation in Georgia



Source: Geostat, NBG

Tourism revenues, US\$ mn



Source: NBG, Galt & Taggart

Money market

Ministry of Finance T-bills/T-notes:

2.8-year GEL 40.0mn (US\$ 14.9mn) Benchmark bonds were sold at the auction held at NBG on April 2, 2024. Total demand was 2.1x higher and the weighted average yield was fixed at 7.879%, down by 0.267ppts from previous auction held in Feb-24.

6-month GEL 20.0mn (US\$ 7.4mn) T-Bills were sold at the auction held at NBG on April 2, 2024. Total demand was 1.5x higher and the weighted average yield was fixed at 7.811%, down by 0.482ppts from previous auction held in Feb-24.

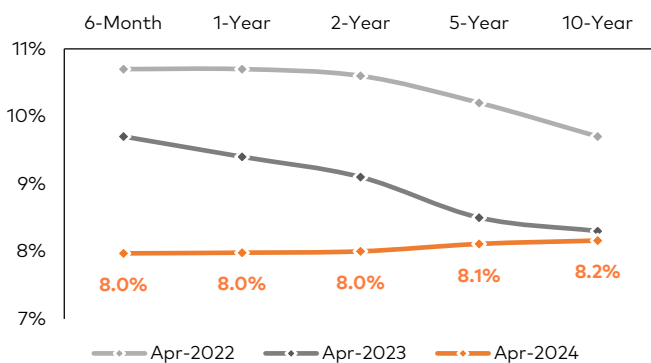
The nearest treasury security auction is scheduled for April 8, 2024, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

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)	190	340	410
Long-term (over 1-year)	933	2,425	7,752
Total	1,123	2,765	8,162

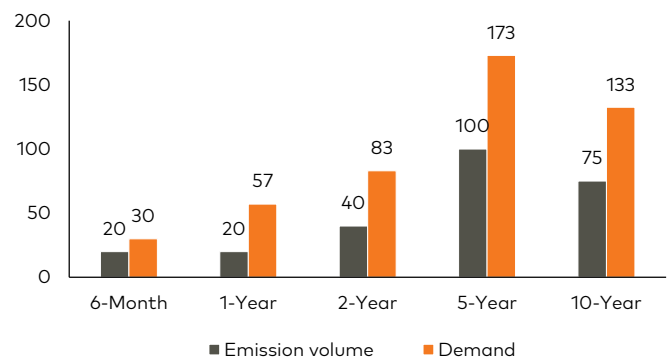
Source: MoF
*As of February 2024

T-bills / T-notes, yield curve



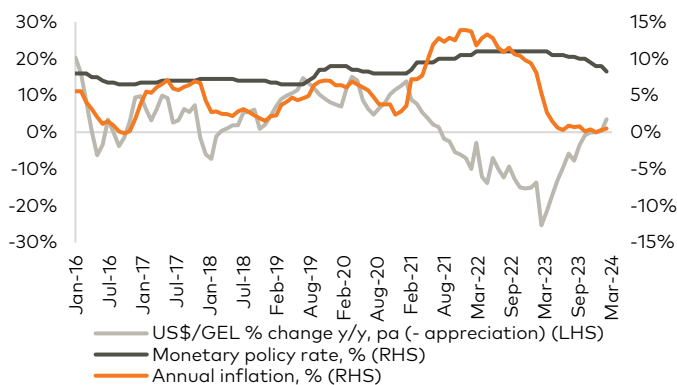
Source: NBG

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



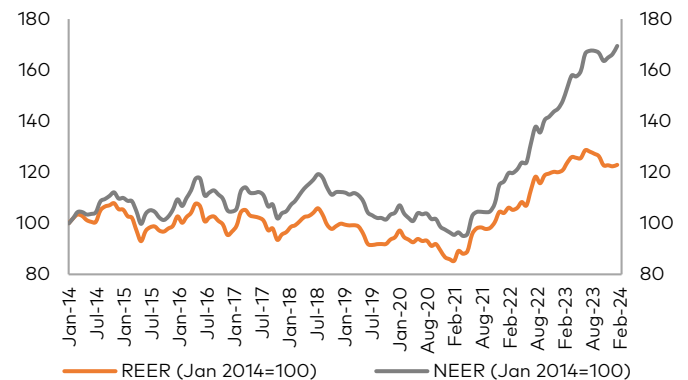
Source: NBG

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	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	93.02	6.47	185.57
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/-	90.62	6.60	239.30
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-	100.73	12.79	217.03
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	101.26	7.86	289.07
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/-/Ba2	99.72	7.10	173.84
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.35	13.19	468.58

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

Georgian local bonds performance

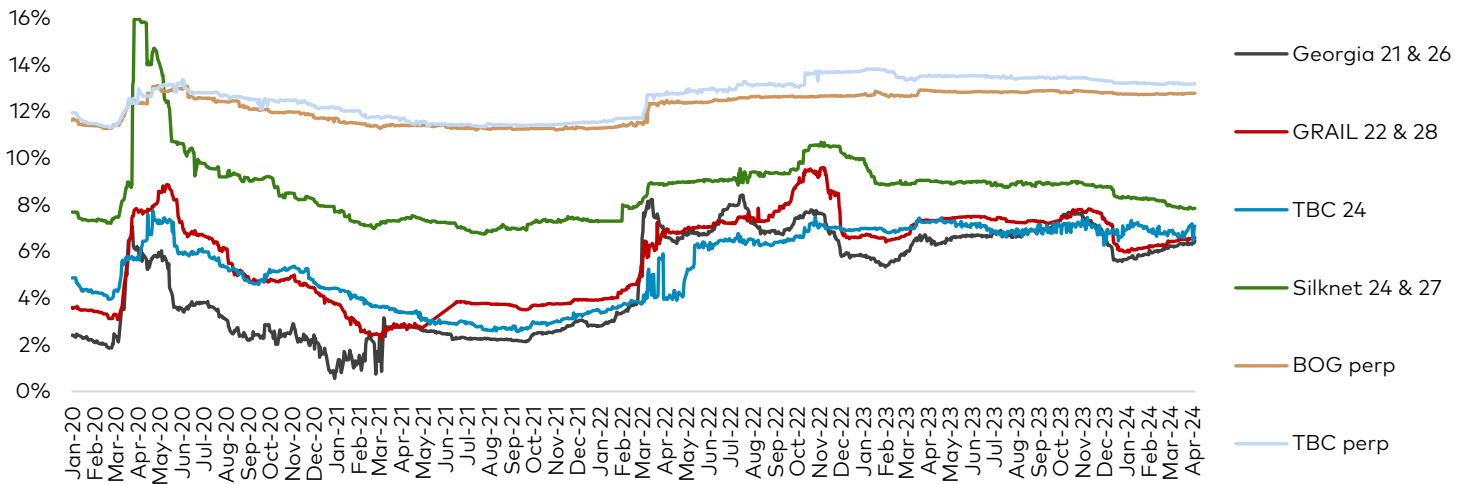
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield, %
						(Fitch/S&P/Moody/Scope)		
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-B+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24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



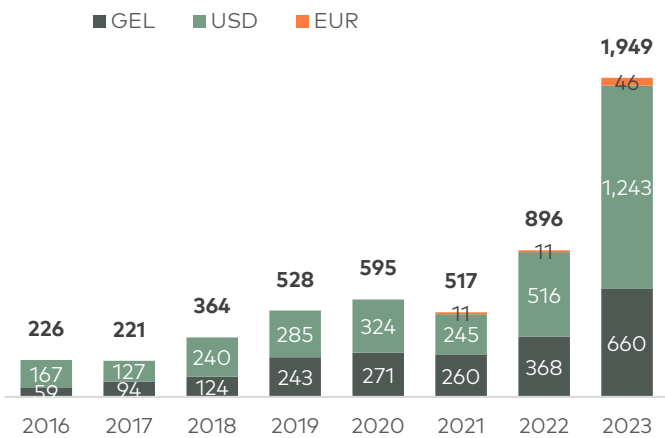
Fixed income

Georgian Eurobonds, YTM



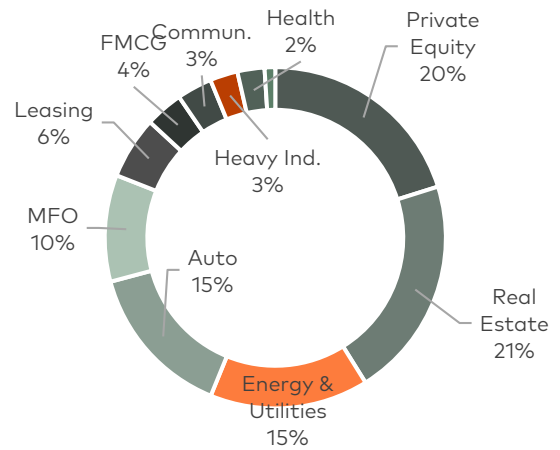
Source: Bloomberg

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

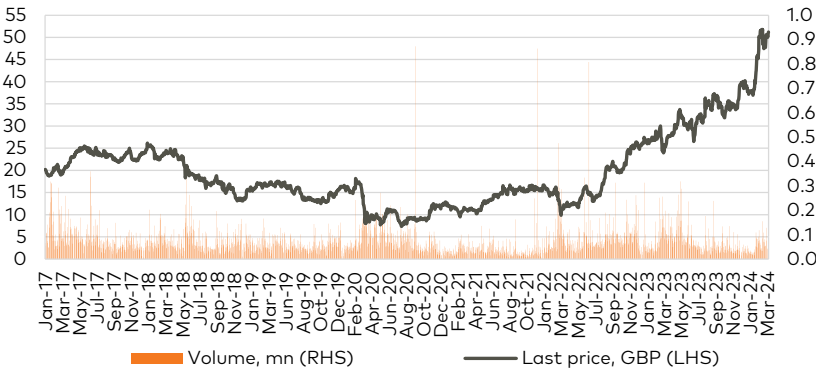


Source: Galt & Taggart



Equities

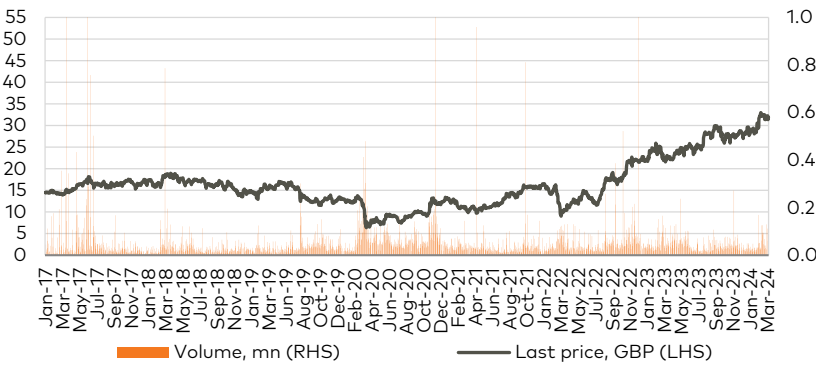
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 51.20/share (+1.39% w/w and +1.99% m/m). More than 153k shares traded in the range of GBP 49.85 - 51.30/share. Average daily traded volume was 66k in the last 4 weeks. The volume of BGEO shares traded was at 0.34% of its capitalization.

Source: Bloomberg

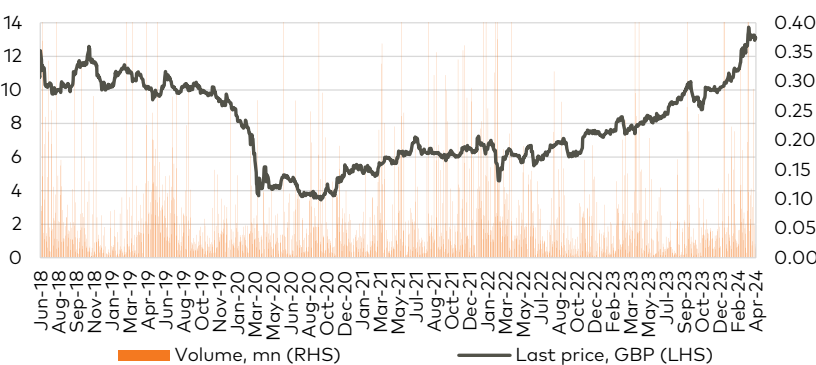
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 31.90/share (-0.78% w/w and -0.62% m/m). More than 325k shares changed hands in the range of GBP 30.90 - 32.70/share. Average daily traded volume was 73k in the last 4 weeks. The volume of TBCG shares traded was at 0.59% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 13.10/share (-1.21% w/w and +4.97% m/m). More than 114k shares traded in the range of GBP 12.90 - 13.22/share. Average daily traded volume was 127k in the last 4 weeks. The volume of CGEO shares traded was at 0.27% of its capitalization.

Source: Bloomberg

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	51.20	2,334	50.4%	85.8%	28.8%	4.36x	5.13x	4.94x	1.19x	na	na
TBC	TBC	GBP	31.90	1,767	11.5%	42.7%	12.7%	4.78x	4.83x	3.99x	1.15x	na	na
Halyk Bank	HSBK	USD	17.94	4,892	39.1%	50.8%	18.3%	2.57x	3.06x	2.92x	0.72x	0.86x	0.74x
Akbank	AKBNK	TRY	55.65	289,380	62.7%	230.1%	52.4%	2.86x	4.04x	2.70x	0.90x	1.07x	0.80x
Garanti	GARAN	TRY	74.30	312,060	41.0%	168.8%	27.3%	2.84x	4.28x	2.41x	1.00x	1.06x	0.80x
Isbank	ISCTR	TRY	12.76	319,000	24.6%	163.6%	36.6%	3.23x	3.92x	2.53x	0.87x	1.00x	0.73x
PKO	PKO	PLN	60.24	75,300	73.2%	110.3%	19.7%	11.44x	7.63x	8.14x	1.39x	1.48x	1.42x
PEKAO	PEO	PLN	186.75	49,016	82.0%	119.3%	22.8%	6.07x	7.94x	8.79x	1.32x	1.55x	1.49x
Millennium	MIL	PLN	10.40	12,616	73.5%	128.6%	24.5%	17.78x	4.51x	5.48x	1.47x	1.67x	1.38x
Mbank	MBK	PLN	741.00	31,467	86.9%	131.0%	38.5%	na	7.58x	7.09x	1.65x	1.91x	1.59x
BRD	BRD	RON	21.70	15,123	41.6%	76.7%	21.1%	7.62x	10.74x	10.67x	1.42x	1.59x	1.50x
Banca Transilvania	TLV	RON	28.50	22,762	29.3%	62.5%	17.5%	7.76x	8.74x	7.80x	1.82x	1.57x	1.35x
Komerčni	KOMB	CZK	848.00	161,162	27.6%	15.6%	17.0%	8.76x	10.90x	10.52x	1.09x	1.24x	1.22x
Mean								6.67x	6.41x	6.00x	1.23x	1.37x	1.18x
Median								5.43x	5.13x	5.48x	1.19x	1.48x	1.35x

Source: Bloomberg, S&P Capital IQ

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