



## Economy

### Exports hit record high US\$ 542.2mn in Jul-22

In Jul-22, exports increased by 40.3% y/y to a record high US\$ 542.2mn, after a 27.9% y/y growth in previous month. Imports increased by 26.3% y/y to US\$ 1.1bn in July (growth was 22.3% y/y in Jun-22). As a result, the trade deficit increased by 15.3% y/y to US\$ 571.8mn, after a 18.5% y/y growth in June.

The top 5 exported commodities were cars (+136.1% y/y), copper (+20.4% y/y), ferro-alloys (+24.6% y/y), spirits (+94.9% y/y) and wine (+4.1% y/y), in Jul-22. A 9.7% of exports were directed to the EU (+89.1% y/y), 53.1% to the CIS (+46.7% y/y) and 37.2% to other countries (+24.3% y/y).

The top 5 imports were petroleum (+82.3% y/y), cars (+8.8% y/y), copper (+24.2% y/y), pharmaceuticals (+29.8% y/y) and telephones (+4.9% y/y) in Jul-22.

Overall, in 7M22, trade deficit was up 33.5% y/y to US\$ 4.0bn, as exports increased by 36.4% y/y to US\$ 3.1bn, while imports were up by 34.8% y/y to US\$ 7.1bn.

### Money transfers increased by 46.8% y/y in Jul-22

Money transfers increased by 46.8% y/y to US\$ 306.0mn in Jul-22, according to NBG, after a 111.7% y/y growth in previous month. From major remitting countries, money transfers increased from Russia (+150.7% y/y accounting for 32.9% of total, part of this funds related to migration), followed by Italy (+7.9% y/y, 11.8% of total), USA (+12.0% y/y, 9.3% of total), Israel (+3.8% y/y, 5.5% of total), Germany (+47.0% y/y, 4.8% of total) and Belarus (+13.4x y/y, 3.4% of total). Meanwhile, transfers continued to reduce from Greece (-7.1% y/y, 6.3% of total). Overall, in 7M22 remittances increased by 62.0% y/y to US\$ 2.1bn.

### Producer price index retreated to 12.4% y/y in Jul-22

Annual PPI for industrial goods retreated to 12.4% in Jul-22, after a 15.4% growth in previous month, according to Geostat. Price changes in mining (-15.5% y/y) and manufacturing (+17.0% y/y) contributed most to the overall index change in July.

### NBG sold US\$ 8.3mn

On 17 August 2022, NBG intervened in the FX market and sold US\$ 8.3mn out of offered US\$ 20mn to limit GEL volatility. This was 2nd FX intervention on the sell side in 2022. Notably, the NBG is a net buyer of US\$ 203.3mn year-to-date.

### Unemployment rate reduced to 18.1% in 2Q22

Unemployment rate reduced by 4.0ppts y/y and 1.3ppts q/q to 18.1% in 2Q22, amid strong economic growth. In 2Q22, out of employed persons hired labor increased by 4.4% y/y (68.3% of total), while self-employed persons (31.6% of total) were up by 5.1% y/y. Notably, labor force participation rate increased by 1.6ppts q/q to 51.5% in 2Q, but it still remains below pre-pandemic level.

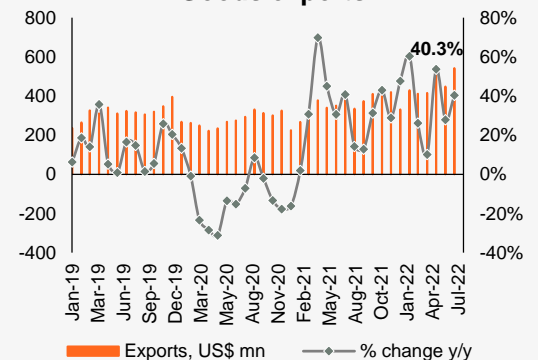
### Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.4%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,015
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.5%	10.1%
Fiscal deficit (% of GDP)	9.3%	6.3%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

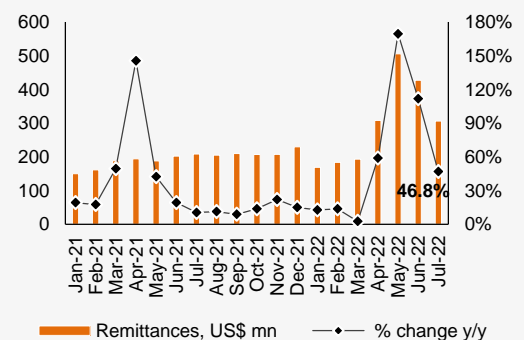
\*Latest sovereign credit ratings

### Goods exports



Source: Geostat

### Remittances in Georgia



Source: NBG

# Money market

**There was no treasury securities auction last week.**

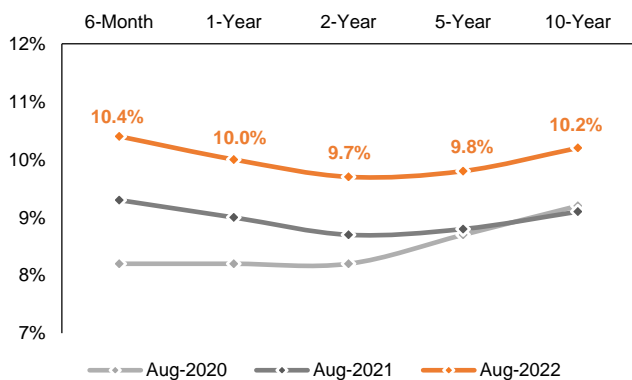
The nearest treasury security auction is scheduled for August 23, 2022, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	160	80	120
1-year	175	120	265
2-year	580	320	1,140
5-year	585	450	3,206
10-year	75	25	1,396
<b>Total</b>	<b>1,575</b>	<b>995</b>	<b>6,127</b>

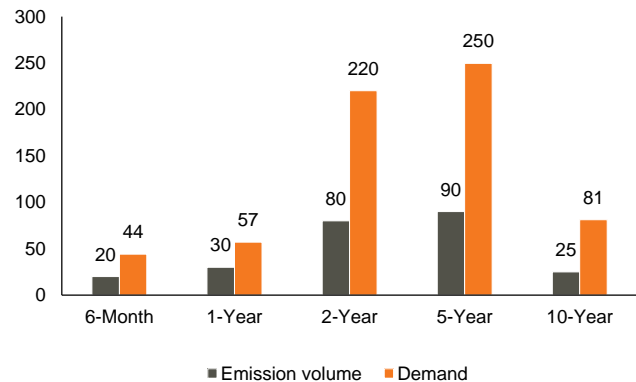
Source: MoF  
\*As of July 2022

## T-bills / T-notes, yield curve



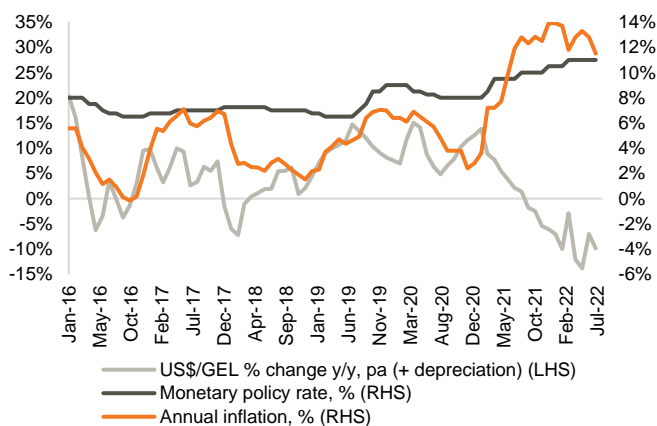
Source: NBG

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



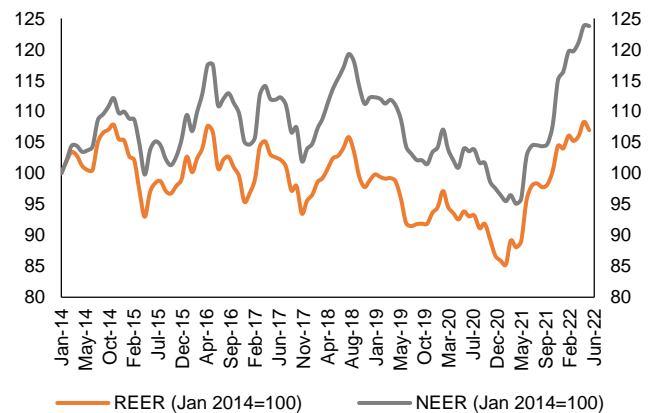
Source: NBG

## Monetary policy rate, inflation and FX rate



Source: NBG

## Nominal effective exchange rate and Real effective exchange rate



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate

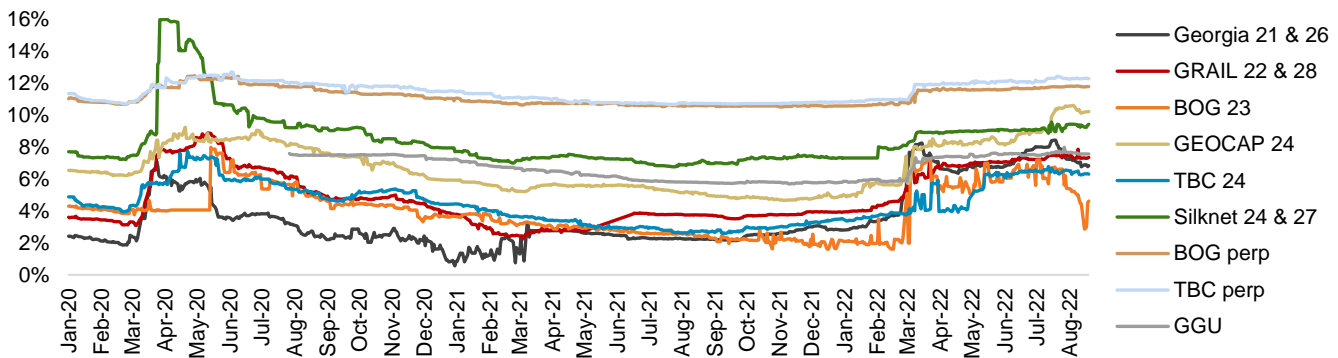
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 4.61% yield, trading at 101.27 (-0.15% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.29 (-0.08% w/w), yielding 10.21%.

Georgian Railway Eurobonds (GRAIL) traded at 84.38 (-0.25% w/w), yielding 7.35%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 86.98 (-0.16% w/w) at 6.82% yield to maturity.

### Georgian Eurobonds, YTM



Source: Bloomberg

### Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	86.98	6.82	379.79
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	84.38	7.35	450.92
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	101.27	4.61	120.75
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	99.53	11.77	802.61
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	94.29	10.21	678.74
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	96.27	9.42	646.29
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	99.06	6.30	292.30
TBC PERP	USD	125	10.775%	n/a	B-/B-	97.11	12.27	903.17
GGU 07/25	USD	250	7.750%	Jul-25	B+*/B/-	100.51	7.55	410.11

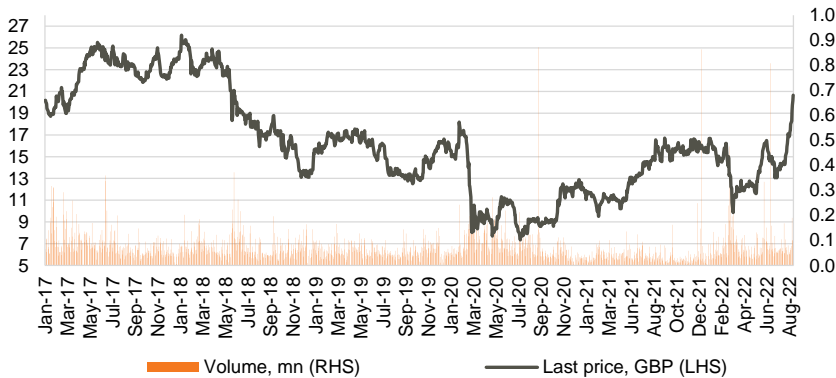
### Georgian local bonds performance

Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.97	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.81	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.88	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.90	4.83	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.46	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.48	7.13	n/a
Geo. Beer Company	GEL	25	14.50%	Dec-23	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	13.60%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.96%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora	GEL	28	14.31%	Oct-22	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.89%	Mar-23	-/-/-	n/a	n/a	n/a

Source: Bloomberg

## Equities

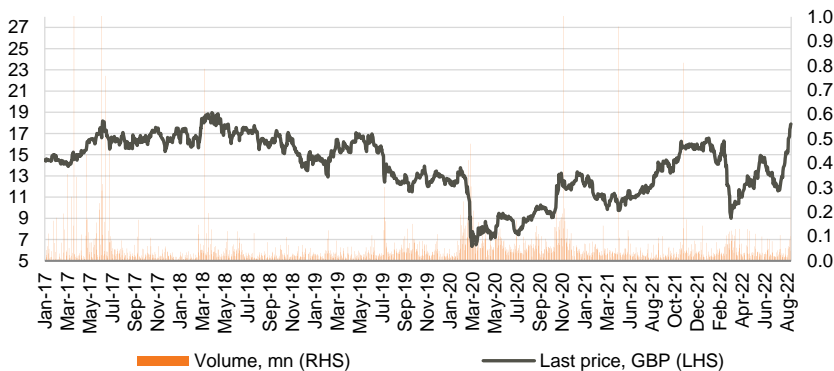
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 20.65/share (+14.72% w/w and +43.80% m/m). More than 570k shares traded in the range of GBP 17.90 - 20.70/share. Average daily traded volume was 79k in the last 4 weeks. The volume of BGEO shares traded was at 1.16% of its capitalization.

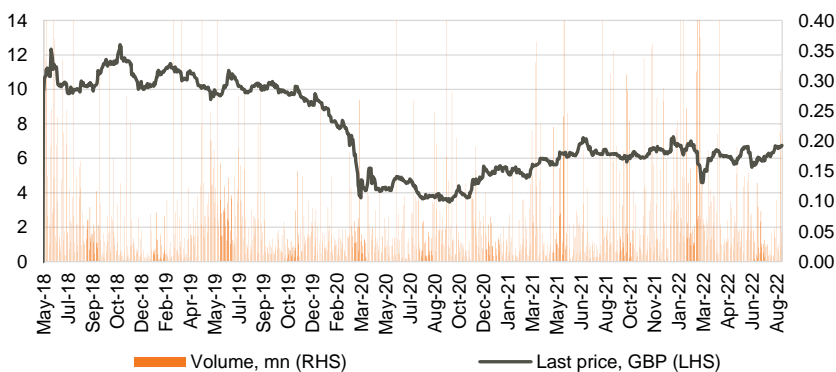
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 17.90/share (+8.48% w/w and +52.99% m/m). More than 542k shares changed hands in the range of GBP 16.22 - 18.20/share. Average daily traded volume was 47k in the last 4 weeks. The volume of TBCG shares traded was at 0.98% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 6.75/share (+2.27% w/w and +10.47% m/m). More than 661k shares traded in the range of GBP 6.54 - 6.78/share. Average daily traded volume was 54k in the last 4 weeks. The volume of CGEO shares traded was at 1.42% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	20.65	1,015	37.1%	41.1%	23.8%	5.90x	4.46x	4.40x	1.32x	1.04x	0.95x
TBC	TBC	GBP	17.90	987	19.3%	26.6%	8.5%	5.19x	4.30x	4.01x	1.13x	0.88x	0.76x
Halyk Bank	HSBK	USD	10.60	2,891	-22.3%	-35.0%	-35.8%	2.72x	2.55x	3.14x	0.80x	0.77x	0.67x
Akbank	AKBNK	TRY	10.60	55,120	33.3%	90.3%	47.2%	4.39x	1.55x	2.60x	0.70x	0.62x	0.59x
Garanti	GARAN	TRY	20.42	85,764	72.5%	119.8%	81.2%	6.16x	2.91x	3.73x	1.04x	0.93x	0.84x
Isbank	ISCTR	TRY	6.99	31,455	80.8%	180.4%	116.0%	2.24x	0.95x	1.26x	0.78x	0.77x	0.62x
PKO	PKO	PLN	24.73	30,913	-46.0%	-36.5%	-45.0%	6.39x	6.43x	5.83x	0.83x	1.03x	0.87x
PEKAO	PEO	PLN	72.00	18,898	-43.8%	-29.7%	-41.0%	8.76x	10.80x	5.97x	0.80x	0.96x	0.84x
Millennium	MIL	PLN	3.92	4,760	-54.0%	-30.7%	-52.1%	na	12.16x	3.29x	0.72x	1.19x	0.81x
Mbank	MBK	PLN	243.80	10,333	-46.2%	-25.0%	-43.7%	na	3.64x	4.45x	0.76x	0.90x	0.81x
BRD	BRD	RON	14.34	9,994	-31.1%	-23.5%	-19.0%	7.61x	8.39x	7.81x	1.01x	1.33x	1.26x
Banca Transilvania	TLV	RON	21.75	137,274	-7.8%	-10.0%	-5.5%	na	na	na	1.52x	1.56x	1.48x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	13.93x	10.94x	0.65x	0.76x	0.70x
Komercni	KOMB	CZK	615.00	116,880	-36.6%	-25.8%	-34.2%	9.35x	8.07x	8.59x	0.96x	1.07x	1.01x
<b>Mean</b>								<b>6.13x</b>	<b>6.16x</b>	<b>5.08x</b>	<b>0.93x</b>	<b>0.99x</b>	<b>0.87x</b>
<b>Median</b>								<b>6.16x</b>	<b>4.46x</b>	<b>4.40x</b>	<b>0.81x</b>	<b>0.94x</b>	<b>0.83x</b>

Source: Bloomberg, S&amp;P Capital IQ

### Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	6.75	315	4.2%	8.5%	-5.3%	1.91x	na	na	0.43x	na	na
Tinc Comm	TINC	EUR	13.60	495	4.3%	7.4%	1.2%	15.21x	na	na	1.03x	na	na
Sabanci Holding	SAHOL	TRY	24.60	50,194	54.4%	147.0%	85.9%	4.03x	5.65x	5.31x	0.94x	0.90x	0.71x
Deutsche Beteiligungs	DBAN	EUR	27.50	517	-21.5%	-25.5%	-31.0%	2.73x	na	9.04x	0.72x	1.06x	0.98x
Eurazeo	RF	EUR	63.15	5,003	-9.7%	-27.0%	-17.8%	3.16x	na	na	0.78x	0.78x	0.74x
Carlyle Group	CG	USD	33.55	11,954	-26.6%	-27.5%	-38.9%	4.02x	8.11x	7.23x	2.26x	2.65x	2.67x
Wendel SE	MF	EUR	84.00	3,759	-8.0%	-30.6%	-20.3%	3.58x	7.88x	7.78x	1.40x	1.49x	1.30x
HgCapital Trust	HGT	GBP	3.70	1,685	-12.1%	-6.3%	-12.0%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.45	674	-1.9%	-1.3%	-16.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.19	748	3.7%	19.2%	0.1%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	11.40	788	-8.1%	-15.6%	-21.1%	4.41x	na	na	0.74x	na	na
Symphony International Holding	SIHL	USD	0.45	233	10.7%	13.2%	9.7%	1.90x	na	na	0.48x	na	na
<b>Mean</b>								<b>4.55x</b>	<b>7.22x</b>	<b>7.34x</b>	<b>0.98x</b>	<b>1.38x</b>	<b>1.28x</b>
<b>Median</b>								<b>3.58x</b>	<b>7.88x</b>	<b>7.51x</b>	<b>0.78x</b>	<b>1.06x</b>	<b>0.98x</b>

Source: Bloomberg, S&amp;P Capital IQ

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### **Galt & Taggart**

**Address:** 3 A. Pushkini Street, Tbilisi 0105, Georgia

**Tel:** + (995) 32 2401 111

**Email:** [research@gt.ge](mailto:research@gt.ge)