



Economy

Real GDP grew by 6.9% y/y in October 2021

Georgia's economy grew by 6.9% y/y in October 2021, the same growth rate as in September 2021, based on Geostat's rapid estimates. Notably, real GDP of October 2021 was also up by 2.7% compared to October 2019 level. Cumulatively, in 10M21, growth is estimated at 10.5% y/y, surpassing 10M19 level by 3.7%. In October, growth was recorded in manufacturing, transportation and storage, arts, entertainment and recreation, electricity, hotels and restaurants, trade and financial and insurance activities. Meanwhile, growth was down in construction sector. We forecast real GDP growth at 10.5% in 2021.

Inflation was 12.5% y/y and 0.6% m/m in November 2021

Annual CPI inflation retreated to 12.5% in November 2021, after a 12.8% inflation in previous month, according to Geostat. Core inflation (non-food, non-energy) was 6.1% and core inflation excluding tobacco was also 6.1% in November. By categories, annual inflation was mainly driven by price changes in food and non-alcoholic beverages (+17.0% y/y, +5.35ppts), transport (+20.2% y/y, +2.50ppts), housing, water, electricity, gas and other fuels (+11.5% y/y, +1.68ppts), health (+8.5% y/y, +0.66ppts), restaurants and hotels (+10.9% y/y, +0.62ppts) and furnishings, household equipment and maintenance (+11.6% y/y, +0.60ppts) categories. On a monthly basis, there was a 0.6% inflation in November 2021, reflecting price increase in food and non-alcoholic beverages (+0.6% y/y, +0.22ppts) and transport (+1.7% y/y, +0.22ppts) categories.

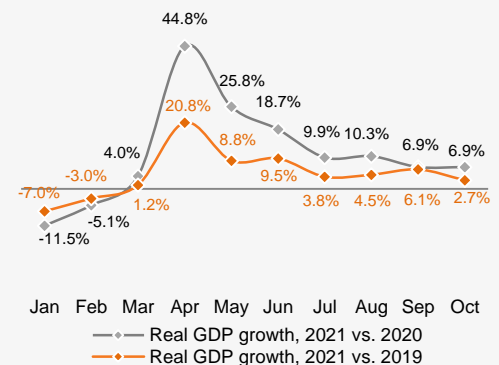
Key macro indicators

	2019	2020
Real GDP growth (% change)	5.0%	-6.8%
GDP per capita (ppp)	15,634	14,918
GDP per capita (US\$)	4,696	4,256
Population (mn)	3.7	3.7
Inflation (eop)	7.0%	2.4%
Gross reserves (US\$ bn)	3.5	3.9
CAD (% of GDP)	5.5%	12.4%
Fiscal deficit (% of GDP)	2.1%	9.3%
Total public debt (% of DP)	40.4%	60.0%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

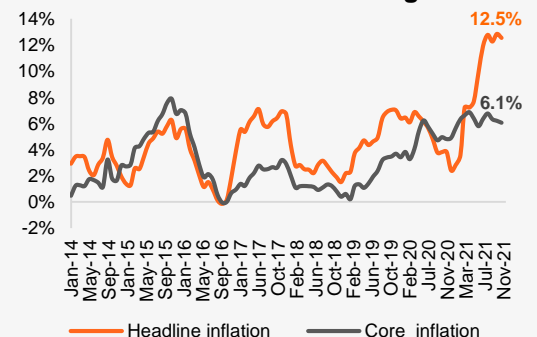
*Latest sovereign credit ratings

Real GDP growth, y/y and vs 2019



Source: Geostat, Galt & Taggart

Annual inflation in Georgia



Source: Geostat

Money market

There were no treasury securities auction last week.

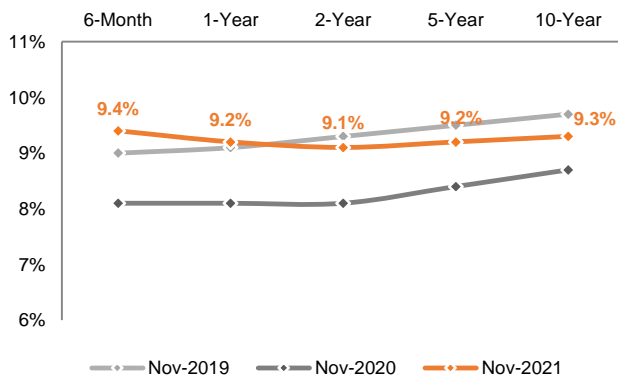
The nearest treasury security auction is scheduled for December 7, 2021, where GEL 20.0mn nominal value 6-month T-bills and GEL 50.0mn nominal value 2-year Benchmark bonds will be sold.

T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	145	20	80
1-year	165	30	235
2-year	240	50	1,033
5-year	514	85	2,533
10-year	94	0	1,331
Total	1,158	185	5,209

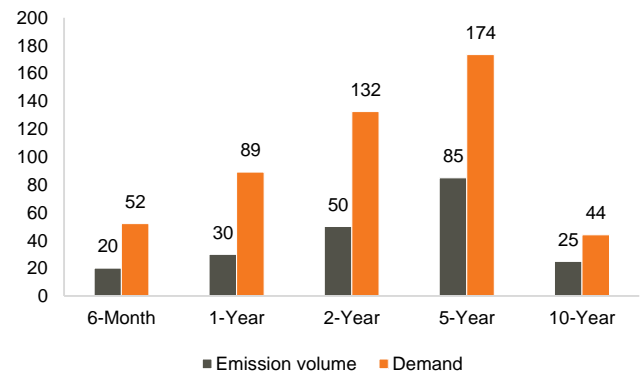
Source: MoF
 * As of 31 October 2021

T-bills / T-notes, yield curve



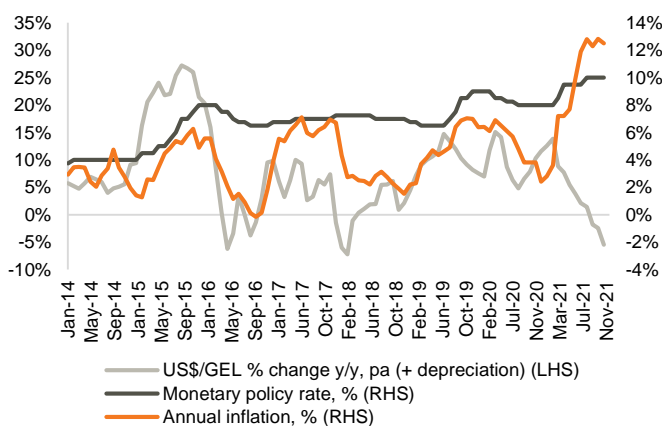
Source: NBG

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



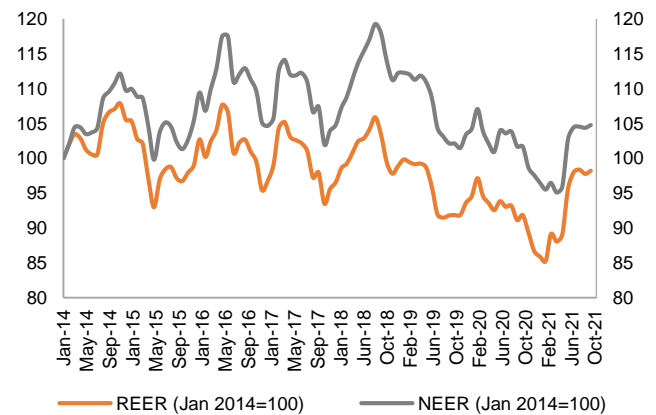
Source: NBG

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

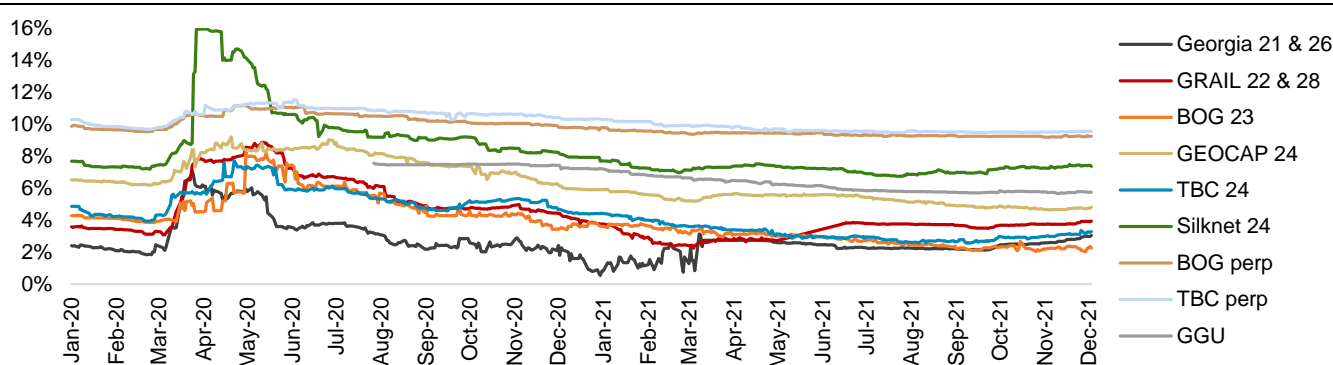
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.27% yield, trading at 105.95 (-0.28% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.76 (-0.10% w/w), yielding 4.81%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 100.31 (-0.11% w/w), yielding 3.95%.

Georgian Sovereign Eurobonds (GEORG) closed at 98.77 (-0.51% w/w) at 3.05% 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	98.77	3.05	205.80
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	100.31	3.95	285.52
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B+/-	105.95	2.27	178.23
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.36	9.27	591.03
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	102.76	4.81	412.99
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	107.55	7.39	413.15
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B+/-	105.92	3.30	254.64
TBC PERP	USD	125	10.775%	n/a	B-/B-	109.97	9.56	602.54
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.47	5.76	337.75

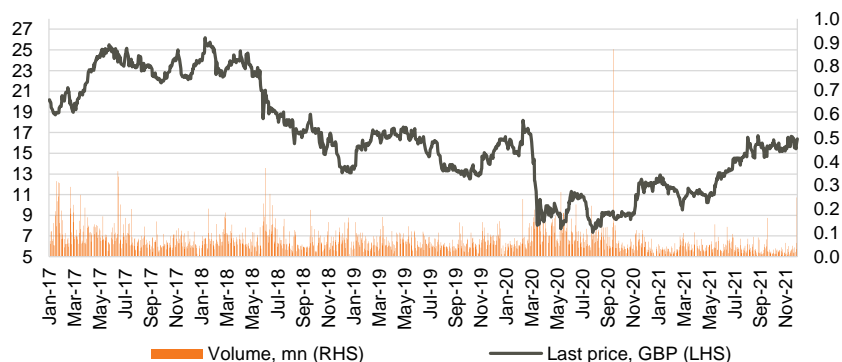
Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.50%	Nov-24	-/-/-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
GLC 07/23	USD	12	5.75%	Jul-23	-/-/-	n/a	n/a	n/a
GLC 07/23	EUR	3	4.75%	Jul-23	-/-/-	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/-/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/-/BB-	n/a	n/a	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a

Source: Bloomberg

Equities

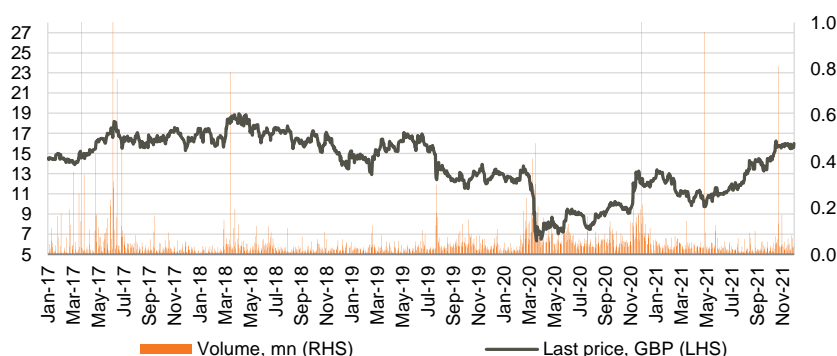
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 16.38/share (+5.54% w/w and +5.00% m/m). More than 383k shares traded in the range of GBP 15.38 - 16.46/share. Average daily traded volume was 38k in the last 4 weeks. The volume of BGEO shares traded was at 0.78% of its capitalization.

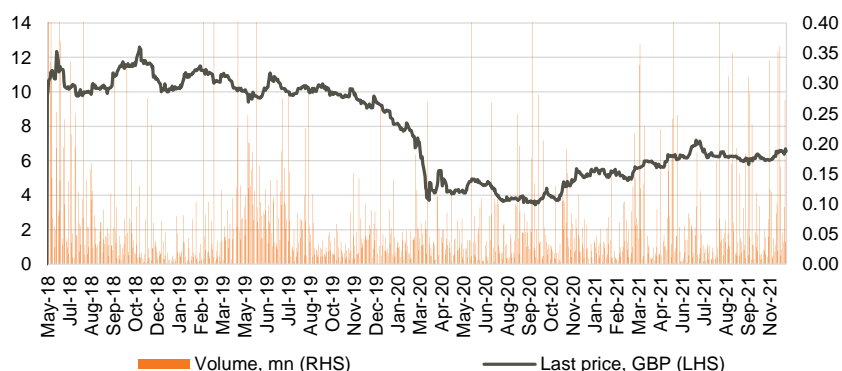
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 16.00/share (+3.23% w/w and +2.17% m/m). More than 196k shares changed hands in the range of GBP 15.38 - 16.00/share. Average daily traded volume was 36k in the last 4 weeks. The volume of TBCG shares traded was at 0.36% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.55/share (-0.15% w/w and +8.80% m/m). More than 477k shares traded in the range of GBP 6.36 - 6.78/share. Average daily traded volume was 94k in the last 4 weeks. The volume of CGEO shares traded was at 1.01% 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	
								2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	16.38	805	31.0%	34.7%	34.3%	4.77x	4.96x	1.08x	0.98x
TBC	TBC	GBP	16.00	882	48.1%	28.0%	28.0%	5.01x	5.07x	1.01x	0.90x
Halyk Bank	HSBK	US\$	17.23	92,986	1.1%	17.9%	18.7%	5.67x	5.55x	1.18x	1.06x
Sberbank	SBER	USD	16.80	4,937	5.1%	41.8%	44.2%	4.84x	4.63x	1.21x	1.11x
VTB Bank	VTBR	US\$	1.27	8,217	-6.2%	29.2%	32.8%	2.46x	2.50x	0.45x	0.35x
Akbank	AKBNK	TRY	6.88	35,776	30.8%	10.4%	-0.7%	3.72x	2.99x	0.49x	0.43x
Garanti	GARAN	TRY	11.66	48,972	45.0%	26.7%	12.4%	3.94x	3.36x	0.66x	0.56x
Isbank	ISCTR	TRY	7.01	31,545	36.4%	4.5%	0.1%	3.23x	2.48x	0.41x	0.36x
PKO	PKO	PLN	44.39	55,488	10.7%	61.4%	54.6%	11.68x	10.46x	1.30x	1.20x
PEKAO	PEO	PLN	114.75	30,118	18.0%	97.9%	87.8%	14.48x	11.37x	1.16x	1.09x
Millennium	MIL	PLN	8.50	10,311	68.0%	194.1%	159.9%	11.90x	12.64x	1.33x	1.27x
Mbank	MBK	PLN	479.60	20,320	59.9%	206.8%	167.6%	21.27x	14.31x	1.20x	1.12x
BRD	BRD	RON	17.28	12,042	8.0%	21.7%	16.3%	10.80x	10.18x	1.29x	1.27x
Banca Transilvania	TLV	RON	2.49	15,716	-1.1%	21.5%	21.7%	8.78x	8.59x	1.50x	1.39x
OTPD	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	8.24x	7.41x	0.67x	0.58x
Komerční	KOMB	CZK	877.00	166,673	11.1%	45.0%	33.5%	13.77x	12.57x	1.35x	1.37x
Mean								8.41x	7.44x	1.02x	0.94x
Median								6.95x	6.48x	1.17x	1.08x

Source: Bloomberg, S&P Capital IQ

Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	6.55	311	4.0%	27.2%	21.3%	na	na	na	na
Tinc Comm	TINC	EUR	13.34	485	7.4%	3.8%	3.0%	na	na	na	na
Sabancı Holding	SAHOL	TRY	13.87	28,300	48.5%	36.0%	21.0%	4.66x	3.86x	0.62x	0.51x
Deutsche Beteiligungs	DBAN	EUR	38.25	719	8.8%	20.4%	22.8%	3.90x	10.31x	1.02x	0.90x
Eurazeo	RF	EUR	72.75	5,764	0.1%	33.4%	31.1%	8.52x	9.55x	0.95x	0.86x
Carlyle Group	CG	USD	53.12	18,829	23.4%	84.4%	69.0%	12.63x	12.74x	4.84x	4.10x
Mean								7.43x	9.12x	1.86x	1.59x
Median								6.59x	9.93x	0.98x	0.88x

Source: Bloomberg, S&P Capital IQ

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