



Economy

Inflation was 12.8% y/y and 1.3% m/m in October 2021

Annual CPI inflation came in at 12.8% in October 2021, after a 12.3% inflation in previous month, according to Geostat. Core inflation (non-food, non-energy) was 6.3% and core inflation excluding tobacco was also 6.2% in October. By categories, annual inflation was mainly driven by price changes in food and non-alcoholic beverages (+18.4% y/y, +5.73ppts), transport (+19.6% y/y, +2.40ppts), housing, water, electricity, gas and other fuels (+11.9% y/y, +1.75ppts), health (+8.4% y/y, +0.65ppts), restaurants and hotels (+11.2% y/y, +0.63ppts) and furnishings, household equipment and maintenance (+11.3% y/y, +0.59ppts) categories. On a monthly basis, there was a 1.3% inflation in October 2021, reflecting price increase in food and non-alcoholic beverages (+3.0% y/y, +0.96ppts) and clothing and footwear (+9.2% y/y, +0.29ppts) categories.

International reserves at US\$ 4.0bn in October 2021

Gross international reserves increased by 4.8% y/y to US\$ 4.0bn in October 2021 according to NBG. On a monthly basis, the reserves were down by 2.9% (-US\$ 117.7mn). Changes in reserves were attributed to the government and banking sector FX operations, and/or asset revaluation.

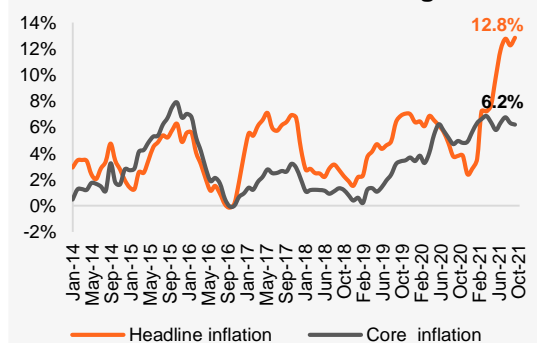
Key macro indicators

	2019	2020
Real GDP growth (% change)	5.0%	-6.2%
GDP per capita (ppp)	15,634	14,918
GDP per capita (US\$)	4,696	4,275
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

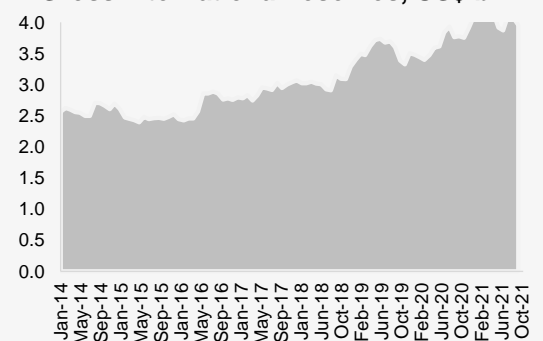
*Latest sovereign credit ratings

Annual inflation in Georgia



Source: Geostat

Gross international reserves, US\$ bn



Source: NBG

Money market

Ministry of Finance T-Bills:

2-year GEL 50.0mn (US\$ 15.8mn) Benchmark bonds were sold at the auction held at NBG on November 2, 2021. Total demand was c.2.6x higher and the weighted average yield was fixed at 9.097%, down by 0.125ppts from previous auction held in October, 2021.

6-month GEL 20.0mn (US\$ 6.3mn) T-Bills were sold at the auction held at NBG on November 2, 2021. Total demand was c.2.6x higher and the weighted average yield was fixed at 9.400%, down by 0.004ppts from previous auction held in October, 2021.

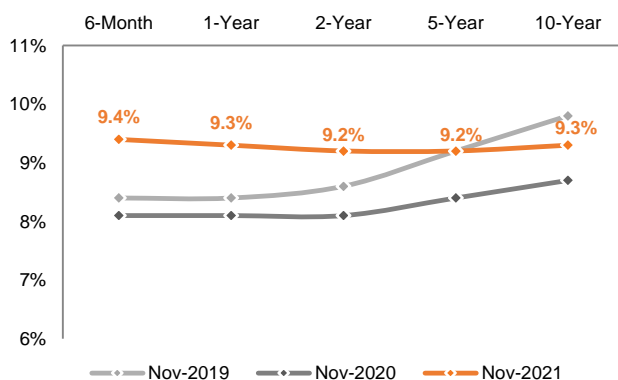
The nearest treasury security auction is scheduled for November 12, 2021, where GEL 30.0mn nominal value 1-year T-Bills will be sold.

T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	145	20	75
1-year	135	60	255
2-year	240	50	980
5-year	415	170	2,520
10-year	94	0	1,306
Total	1,029	300	5,136

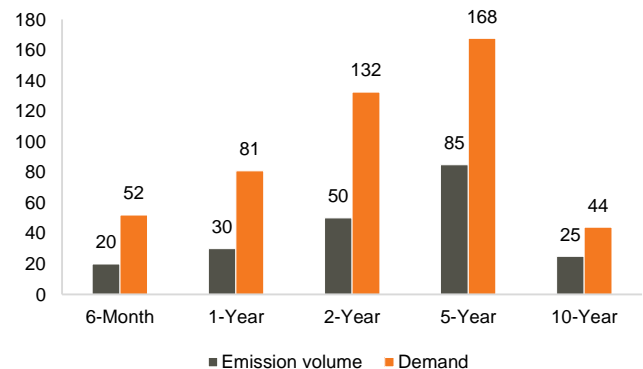
Source: MoF
 * As of 30 September 2021

T-bills / T-notes, yield curve



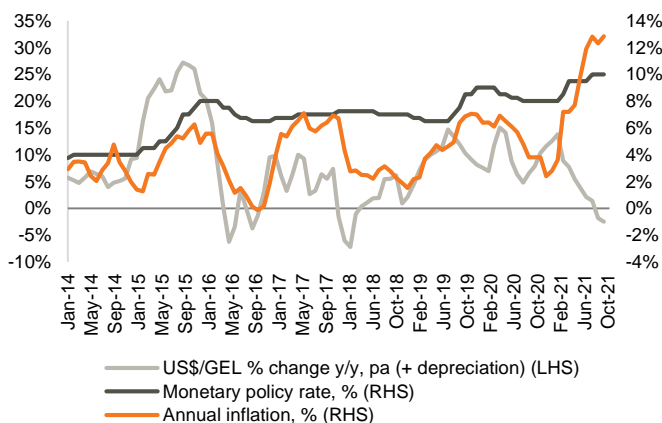
Source: NBG

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



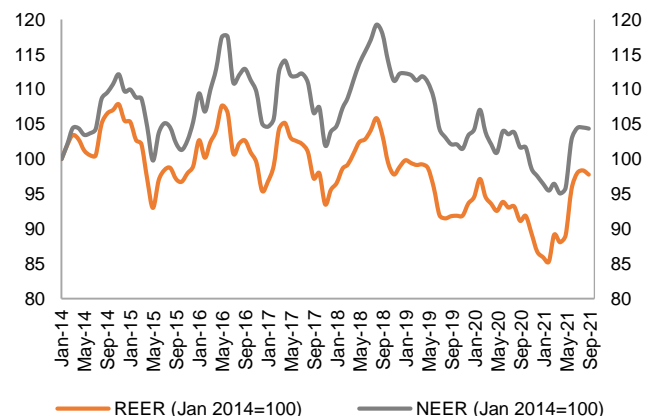
Source: NBG

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

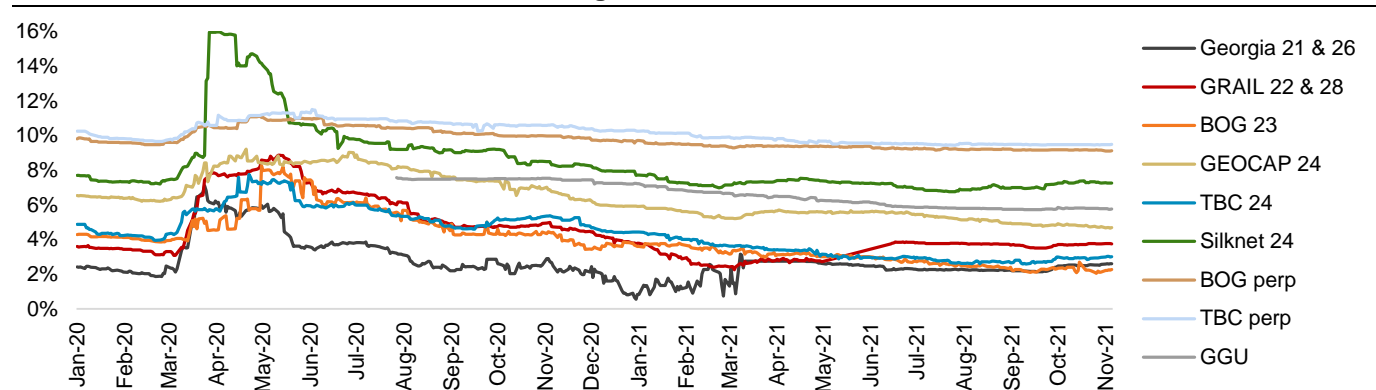
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.26% yield, trading at 106.24 (-0.29% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 103.12 (+0.07% w/w), yielding 4.69%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.41 (-0.07% w/w), yielding 3.76%.

Georgian Sovereign Eurobonds (GEORG) closed at 100.63 (-0.16% w/w) at 2.60% 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	100.63	2.60	174.61
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.41	3.76	272.72
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.24	2.26	192.97
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	111.01	9.13	595.45
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	103.12	4.69	420.05
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	108.08	7.26	409.27
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	106.85	3.00	244.30
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.36	9.49	616.90
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.59	5.76	367.77

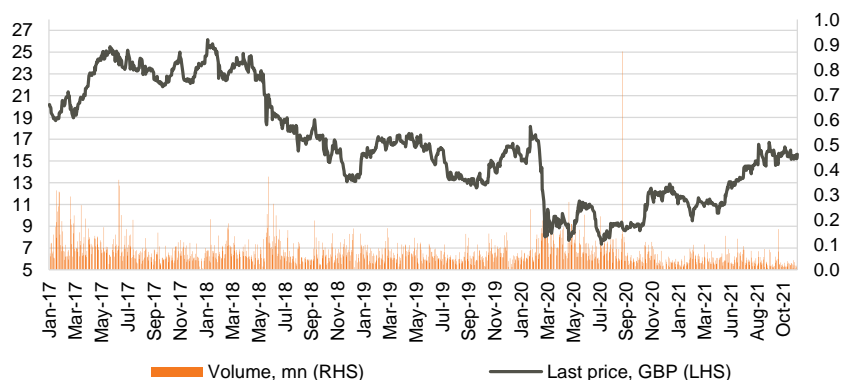
Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B/-	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

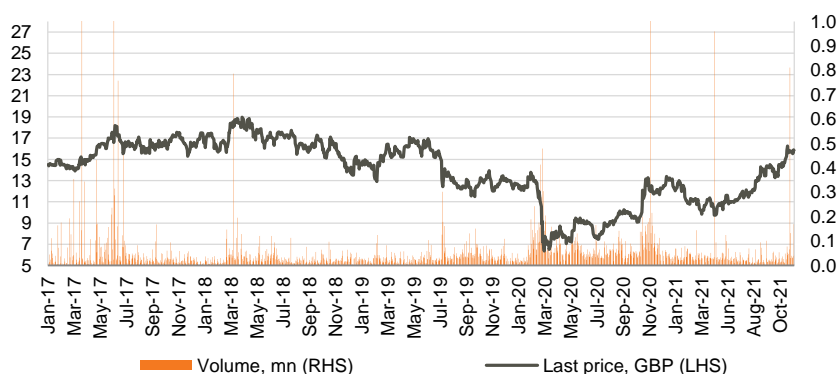
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 15.62/share (+2.90% w/w and -2.38% m/m). More than 107k shares traded in the range of GBP 15.00 - 15.88/share. Average daily traded volume was 23k in the last 4 weeks. The volume of BGEO shares traded was at 0.22% of its capitalization.

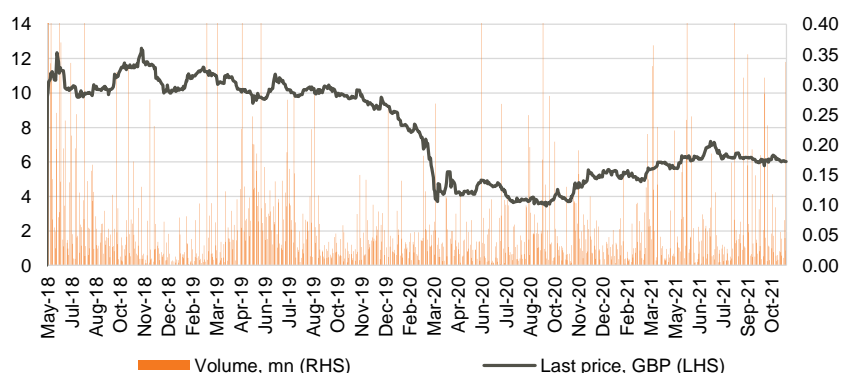
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 15.88/share (+1.15% w/w and +9.37% m/m). More than 315k shares changed hands in the range of GBP 15.40 - 16.02/share. Average daily traded volume was 88k in the last 4 weeks. The volume of TBCG shares traded was at 0.57% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.02/share (-0.33% w/w and +0.33% m/m). More than 493k shares traded in the range of GBP 5.96 - 6.20/share. Average daily traded volume was 53k in the last 4 weeks. The volume of CGEO shares traded was at 1.04% 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	15.62	768	44.1%	70.0%	28.0%	5.18x	4.99x	1.05x	0.96x
TBC	TBC	GBP	15.88	876	61.2%	65.4%	27.0%	5.55x	5.32x	1.05x	0.92x
Halyk Bank	HSBK	US\$	20.12	108,582	23.4%	77.0%	38.6%	6.30x	6.29x	1.32x	1.19x
Sberbank	SBER	USD	18.40	5,407	28.7%	78.6%	57.9%	5.33x	5.10x	1.32x	1.22x
VTB Bank	VTBR	US\$	1.43	9,254	1.6%	71.4%	49.6%	2.55x	2.94x	0.43x	0.39x
Akbank	AKBNK	TRY	6.33	32,916	28.1%	26.3%	-8.7%	3.51x	2.82x	0.45x	0.40x
Garanti	GARAN	TRY	10.61	44,562	46.3%	52.4%	2.3%	3.69x	3.24x	0.60x	0.51x
Isbank	ISCTR	TRY	6.27	28,215	26.7%	15.5%	-10.4%	3.23x	2.43x	0.37x	0.33x
PKO	PKO	PLN	49.24	61,550	42.1%	135.1%	71.4%	12.62x	12.14x	1.38x	1.32x
PEKAO	PEO	PLN	129.80	34,069	60.4%	188.4%	112.4%	16.34x	13.41x	1.31x	1.24x
Millennium	MIL	PLN	9.29	11,269	129.7%	285.5%	184.1%	13.02x	14.21x	1.46x	1.39x
Mbank	MBK	PLN	569.50	24,129	136.3%	355.2%	217.8%	25.22x	17.51x	1.46x	1.38x
BRD	BRD	RON	18.50	12,893	14.1%	49.0%	24.5%	11.57x	10.90x	1.39x	1.36x
Banca Transilvania	TLV	RON	2.55	16,094	8.9%	37.8%	24.7%	9.33x	8.89x	1.54x	1.43x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	7.90x	7.31x	0.68x	0.56x
Komerční	KOMB	CZK	940.00	178,646	42.4%	89.1%	43.1%	16.10x	14.02x	1.46x	1.47x
Mean								9.21x	8.22x	1.08x	1.00x
Median								7.10x	6.80x	1.32x	1.21x

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	6.02	286	6.9%	50.5%	11.5%	na	na	na	na
Tinc Comm	TINC	EUR	13.84	503	11.3%	6.9%	6.9%	na	na	na	na
Sabancı Holding	SAHOL	TRY	12.11	24,709	45.0%	35.5%	5.7%	4.07x	3.37x	0.54x	0.44x
Deutsche Beteiligungs	DBAN	EUR	39.40	741	18.0%	40.7%	26.5%	4.11x	10.60x	1.07x	1.00x
Eurazeo	RF	EUR	79.50	6,298	15.7%	86.7%	43.2%	9.22x	11.80x	1.04x	0.94x
Carlyle Group	CG	USD	60.01	21,271	36.0%	119.1%	90.9%	14.59x	14.74x	5.47x	4.63x
Mean								8.00x	10.13x	2.03x	1.75x
Median								6.67x	11.20x	1.05x	0.97x

Source: Bloomberg, S&P Capital IQ

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