



Economy

Exports and imports stayed solid in September 2021

In September 2021, both exports (at US\$ 373.6mn, up 12.8% y/y, up 22.3% vs Sep-19) and imports (at US\$ 925.8mn, up 23.4% y/y, up 15.1% vs Sep-19) remained solid, according to Geostat's preliminary data, continuation of last three months trend. Notably, last year's low base and higher world commodity prices markedly boosted imports, resulting trade deficit to widen by 31.8% y/y to US\$ 552.2mn (which is also up 10.7% vs Sep-2019). Overall, in 9M21, trade deficit was up by 19.9% y/y (down 0.5% vs 9M19) to US\$ 4.0bn, as economic recovery and higher world commodity prices boosted imports (up 21.6% y/y and up 3.3% vs 9M19), while exports were also solid (up 24.0% y/y and up 9.0% vs 9M19).

Money transfers hit a record high figure in September 2021

Money transfers increased by 8.8% y/y to a record high US\$ 209.8mn in September 2021, according to NBG, after growing by 11.2% y/y in previous month. Notably, remittances were also up by 40.1% compared to September 2019 level. From major remitting countries, money transfers increased strongly from Italy (+16.6% y/y, 16.2% of total), Russia (+9.8% y/y, 18.4% of total), USA (+8.2% y/y, 11.7% of total), Israel (+10.4% y/y, 7.4% of total) and Germany (+44.1% y/y, 5.2% of total). Meanwhile, from major remitting countries, money transfers declined from Greece (-6.8% y/y), Turkey (-6.6% y/y) and Ukraine (-39.7% y/y). Overall, in 9M21 remittances stood at US\$ 1.7bn, up 27.8% y/y and up 35.7% vs. 9M19.

IMF updates world economic outlook

In October 2021, the IMF released updated world economic outlook. The IMF projects the global economy to grow by 5.9% in 2021 and 4.9% in 2022, 0.1 percentage point lower for 2021 than in the Jul-21 forecast. The downward revision for 2021 reflects a downgrade for advanced economies (in part due to supply disruptions) and for low-income developing countries (largely due to worsening pandemic dynamics). This is partially offset by stronger near-term prospects among some commodity-exporting emerging markets and developing economies. Based on the IMF, rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome and policy choices have become more difficult, with limited room to maneuver. According to the IMF, Georgia expected to be one of the growth leaders in the region with growth projected at 7.7% and 5.8% for 2021 and 2022, respectively.

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	

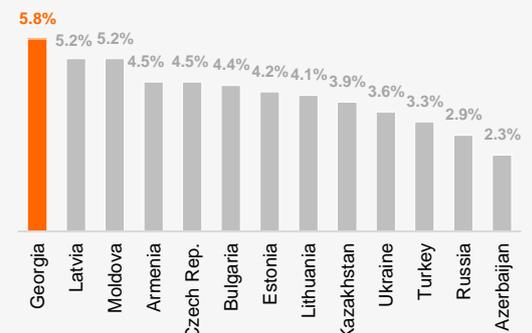
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Money transfers in Georgia



Source: NBG

Real GDP growth projections for 2022, IMF



Source: IMF, WEO, Oct 2021

Money market

Ministry of Finance T-Bills:

1-year GEL 30.0mn (US\$ 9.6mn) T-Bills were sold at the auction held at NBG on October 12, 2021. Total demand was c.2.7x higher and the weighted average yield was fixed at 9.248%, up by 0.008ppts from previous auction held in September, 2021.

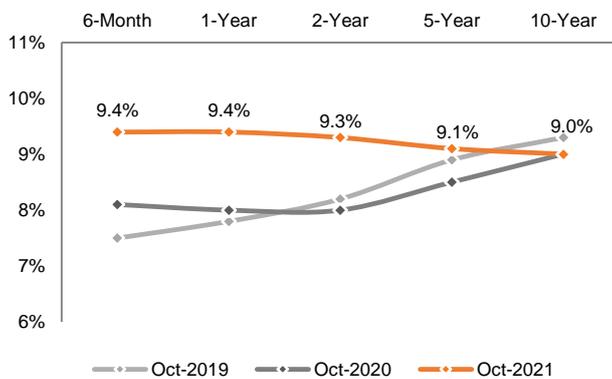
The nearest treasury security auction is scheduled for October 19, 2021, where GEL 25.0mn nominal value 10-year Benchmark bonds will be sold.

T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	125	40	75
1-year	135	60	255
2-year	190	100	980
5-year	330	255	2,520
10-year	69	25	1,306
Total	849	480	5,136

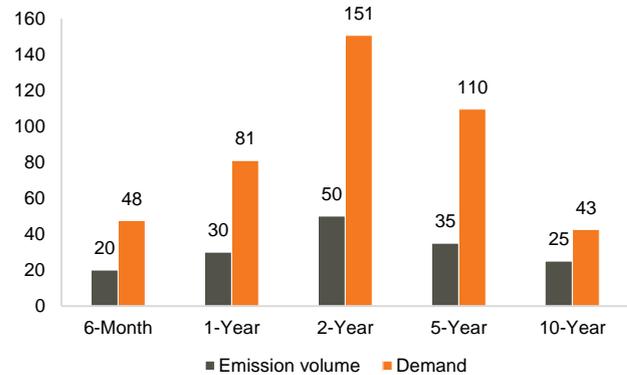
Source: MoF
* As of 30 September 2021

T-bills / T-notes, yield curve



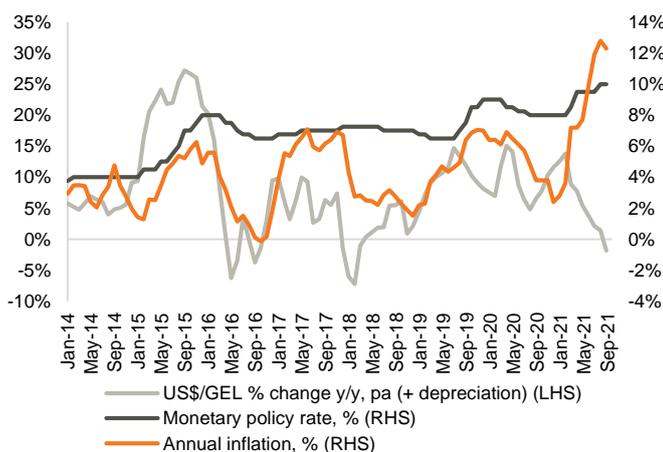
Source: NBG

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



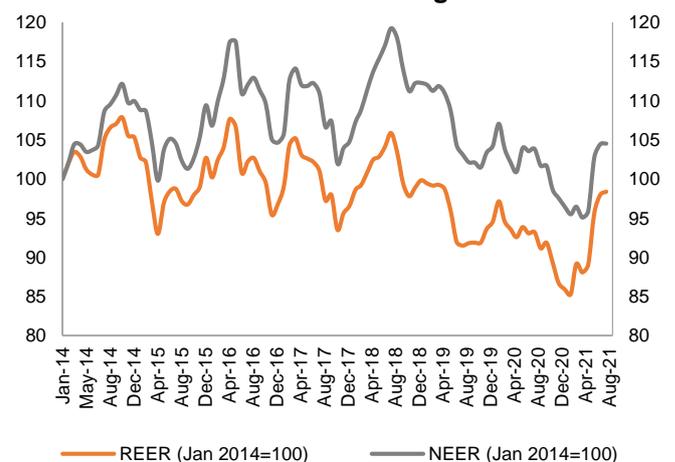
Source: NBG

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

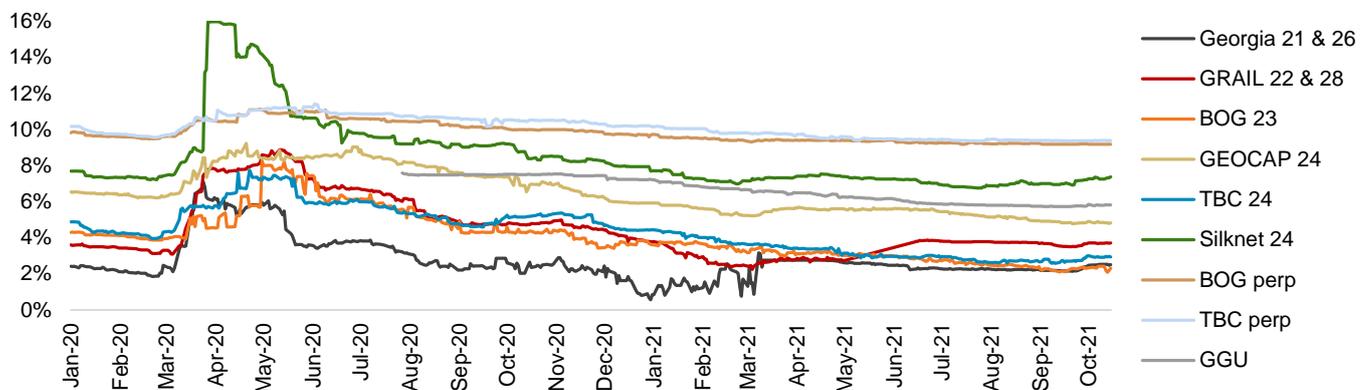
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.30% yield, trading at 106.37 (+0.12% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.90 (+0.02% w/w), yielding 4.82%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.66 (-0.16% w/w), yielding 3.72%.

Georgian Sovereign Eurobonds (GEORG) closed at 101.04 (+0.06% w/w) at 2.51% 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	101.04	2.51	141.79
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.66	3.72	240.25
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	106.37	2.30	186.86
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.58	9.18	605.87
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	102.90	4.82	419.99
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	108.01	7.37	486.41
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	107.17	2.93	223.06
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.63	9.37	597.90
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.48	5.81	396.11

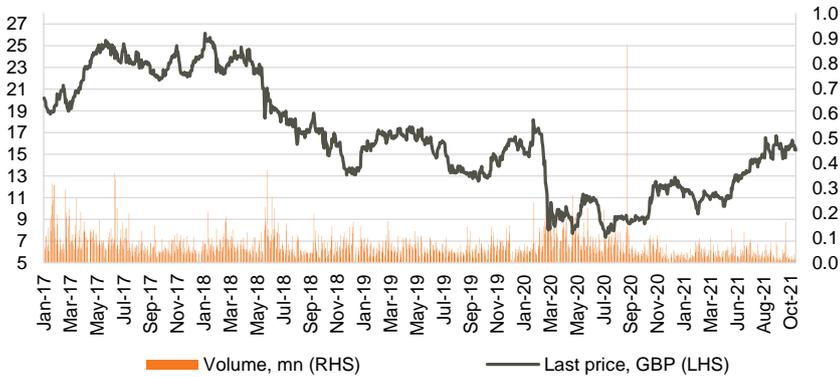
Georgian local bonds performance

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

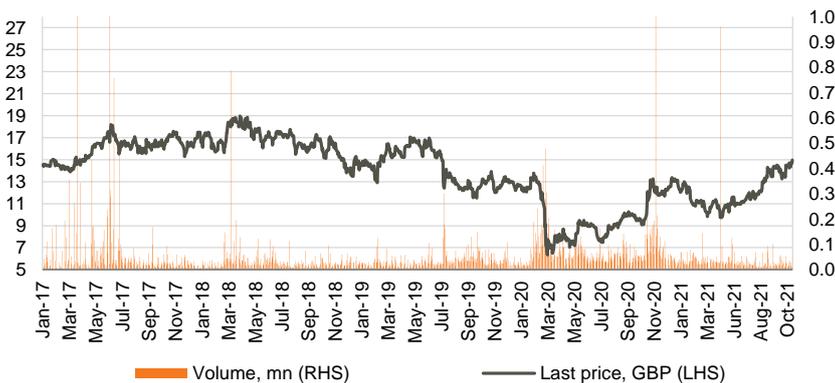
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 15.40/share (-4.11% w/w and +5.48% m/m). More than 113k shares traded in the range of GBP 15.34 - 15.96/share. Average daily traded volume was 31k in the last 4 weeks. The volume of BGEO shares traded was at 0.23% of its capitalization.

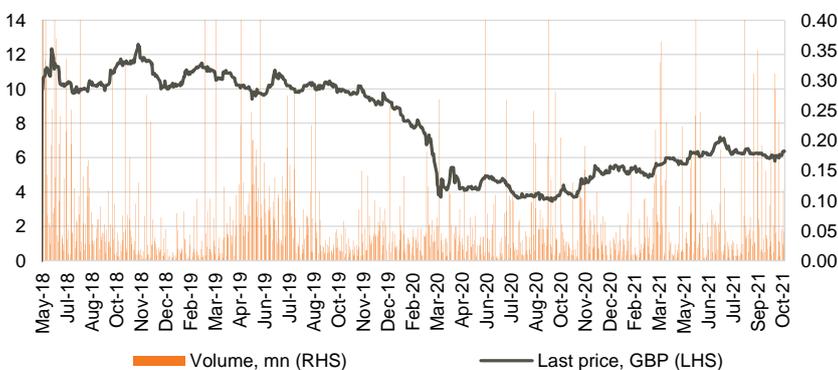
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 14.98/share (+1.90% w/w and +8.08% m/m). More than 111k shares changed hands in the range of GBP 14.26 - 14.98/share. Average daily traded volume was 24k in the last 4 weeks. The volume of TBCG shares traded was at 0.20% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.37/share (+4.26% w/w and +5.99% m/m). More than 269k shares traded in the range of GBP 6.11 - 6.45/share. Average daily traded volume was 82k in the last 4 weeks. The volume of CGEO shares traded was at 0.57% 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	15.40	757	36.5%	69.6%	26.2%	5.19x	5.00x	1.05x	0.96x
TBC	TBC	GBP	14.98	826	33.8%	54.1%	19.8%	5.32x	5.10x	1.01x	0.88x
Halyk Bank	HSBK	US\$	20.90	112,792	41.4%	102.9%	43.9%	7.23x	6.98x	1.39x	1.26x
Sberbank	SBER	USD	17.52	5,148	19.2%	75.2%	50.4%	5.08x	4.86x	1.26x	1.17x
VTB Bank	VTBR	US\$	1.51	9,785	30.4%	94.0%	58.2%	3.25x	3.28x	0.46x	0.42x
Akbank	AKBNK	TRY	5.14	26,728	1.8%	1.0%	-25.8%	3.51x	2.74x	0.42x	0.38x
Garanti	GARAN	TRY	8.93	37,506	22.2%	27.4%	-13.9%	3.90x	3.25x	0.58x	0.50x
Isbank	ISCTR	TRY	5.14	23,130	2.2%	-3.2%	-26.6%	3.07x	2.30x	0.35x	0.30x
PKO	PKO	PLN	46.09	57,613	39.3%	122.0%	60.5%	12.94x	12.10x	1.34x	1.28x
PEKAO	PEO	PLN	123.50	32,415	62.5%	157.3%	102.1%	17.34x	14.10x	1.28x	1.22x
Millennium	MIL	PLN	8.30	10,068	118.4%	232.3%	153.8%	12.37x	11.47x	1.44x	1.23x
Mbank	MBK	PLN	511.00	21,650	146.9%	237.3%	185.2%	19.91x	16.46x	1.36x	1.28x
BRD	BRD	RON	18.94	13,199	22.4%	56.8%	27.5%	11.99x	11.40x	1.59x	1.43x
Banca	TLV	RON	2.62	16,536	19.6%	40.6%	28.1%	10.23x	9.53x	1.65x	1.53x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	7.96x	7.54x	0.63x	0.56x
Komerčni	KOMB	CZK	884.00	168,004	31.0%	88.7%	34.6%	16.19x	13.98x	1.41x	1.41x
Mean								9.09x	8.13x	1.08x	0.99x
Median								7.59x	7.26x	1.27x	1.19x

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	6.37	303	7.2%	53.5%	18.0%	na	na	na	na
Tinc Comm	TINC	EUR	13.54	492	8.1%	3.0%	4.6%	na	na	na	na
Sabancı Holding	SAHOL	TRY	10.02	20,445	20.9%	20.1%	-12.6%	3.93x	3.31x	0.51x	0.42x
Deutsche Beteiligungs	DBAN	EUR	37.15	699	3.5%	24.3%	19.2%	5.23x	10.54x	1.13x	1.04x
Eurazeo	RF	EUR	82.70	6,552	21.8%	91.2%	49.0%	9.91x	12.68x	1.11x	1.01x
Carlyle Group	CG	USD	51.71	18,329	32.5%	89.6%	64.5%	14.87x	13.85x	5.94x	6.10x
Mean								8.48x	10.10x	2.17x	2.14x
Median								7.57x	11.61x	1.12x	1.02x

Source: Bloomberg, S&P Capital IQ

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