

# Weekly Market Watch

Weekly Market Watch | Georgia  
February 22, 2021

## Economy

### Trade deficit down 16.8% y/y in January 2021

In January 2021, trade deficit narrowed by 16.8% y/y to US\$ 313.6mn as exports declined by 16.2% y/y to US\$ 224.4mn and imports fell by 16.6% y/y to US\$ 538.1mn.

In January 2021, copper (-0.9% y/y), cars (-54.2% y/y), ferro-alloys (+50.8% y/y), mineral waters (+18.4% y/y) and wine (-41.1% y/y) were the top 5 exported commodities. A 22.0% of exports were directed to the EU (+9.6% y/y), 41.0% to the CIS (-24.3% y/y) and 37.0% to other countries (-18.0% y/y).

Gases (-18.5% y/y), extracting machinery (+US\$ 40.4mn higher y/y), petroleum (-28.9% y/y), cars (-56.5% y/y) and pharmaceuticals (+20.4% y/y), represented the top 5 imported commodities in January 2021.

### Money transfers up 19.2% y/y in January 2021

In January 2021, money transfers increased by 19.2% y/y to US\$ 149.8mn, after growing 15.9% y/y in previous month, according to NBG. Notably, Italy became top-remitting country in January, replaced Russia. From major remitting countries, money transfers increased strongly from Italy (+29.7% y/y, 18.2% of total), Greece (+25.2% y/y, 12.4% of total) and USA (+33.2% y/y, 12.1% of total). Meanwhile, remittances declined from Russia (-11.4% y/y, 15.5% of total).

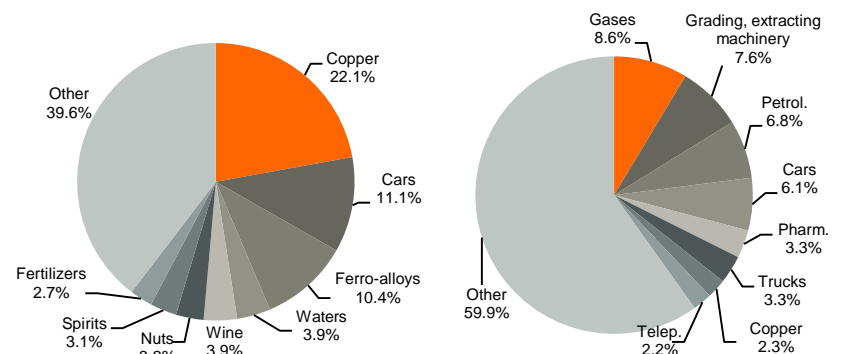
### Producer price index up 15.6% y/y in January 2021

Annual PPI for industrial goods was up 15.6% in January 2021 from 11.7% in previous month, according to Geostat. Price changes in manufacturing (+14.9% y/y) and Electricity, gas, steam and air conditioning (+20.9% y/y) contributed the most to the overall index change.

### NBG sold US\$ 40mn

On 18 February 2021, the NBG intervened on the FX market and sold US\$ 40mn to support GEL. This was 3rd FX intervention YTD for a total sale of US\$ 120mn through FX auctions.

### Exports by commodities, Jan-21 Imports by commodities, Jan-21



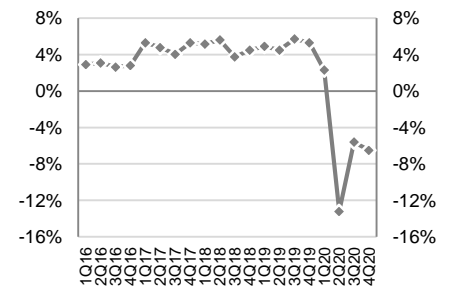
Source: Geostat

### Key macro indicators

	2017	2018	2019
GDP (% change)	4.8%	4.8%	5.0%
GDP per capita (ppp)	13,596	14,584	15,634
GDP per capita (US\$)	4,359	4,722	4,696
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.5%	7.0%
Gross reserves (US\$ bn)	3.0	3.3	3.5
CAD (% of GDP)	8.1%	6.8%	5.5%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.1%
Total public debt (% of GDP)	39.4%	38.9%	40.4%

Source: Official data, Galt & Taggart

### Real GDP growth, %



Source: Geostat

### International ranking, 2019-20

Ease of Doing Business # 7 (Top 10)  
Economic Freedom Index # 12 (mostly free)  
Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings



Source: Rating agencies



# Money market

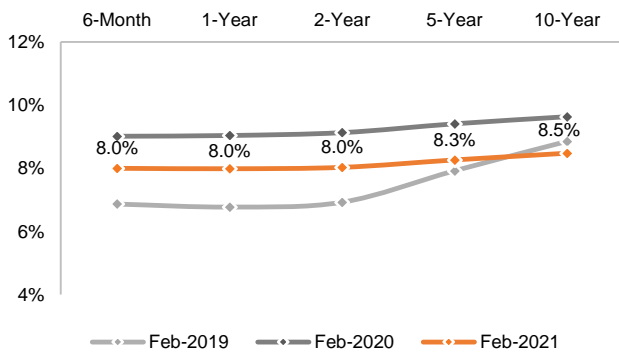
There were no treasury securities auction last week. The nearest treasury security auction is scheduled for February 23, 2021, where GEL 35.0mn nominal value 5-year Benchmark Bonds will be sold.

## T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	15	150	120
1-year	15	150	660
2-year	20	200	1,530
5-year	35	385	2,261
10-year	25	75	1,237
<b>Total</b>	<b>110</b>	<b>960</b>	<b>5,808</b>

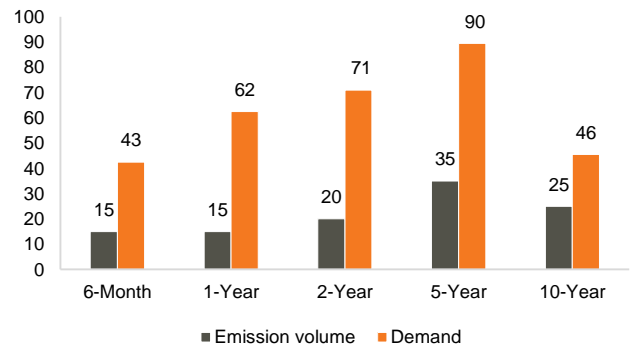
Source: MoF  
Note: \* As of 31 December 2020

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



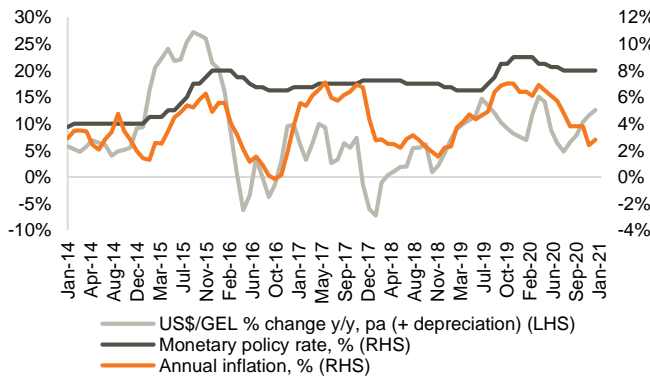
Source: NBG

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



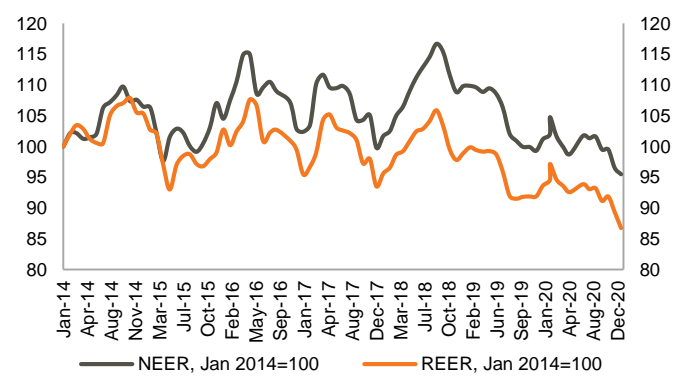
Source: NBG

## Monetary policy rate, inflation and FX rate



Source: NBG

## Nominal effective exchange rate and Real effective exchange rate



Source: NBG  
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate



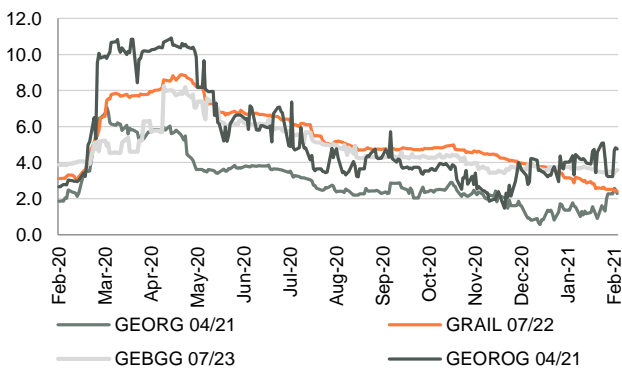
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 3.52% yield, trading at 105.71 (-0.07% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.42 (+0.14% w/w), yielding 5.25%.

GOGC Eurobonds (GEOROG) were trading at 100.38 (-0.27% w/w), yielding 4.45%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.22 (+0.07% w/w), yielding 2.41%.

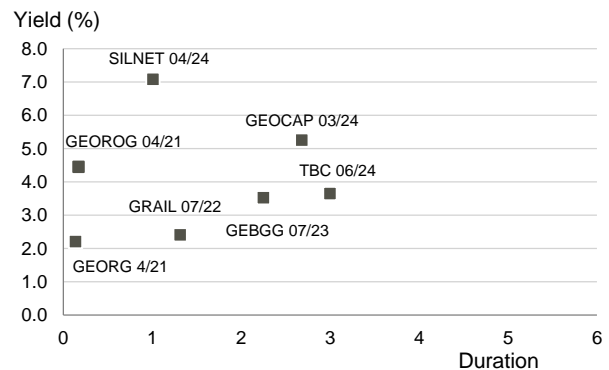
**Georgian Sovereign Eurobonds (GEORG)** closed at 100.63 (-0.07% w/w) at 2.21% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg  
Note: For Silknet duration calculation call date is taken as maturity.

### Georgian bonds performance

#### Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	100.63	2.21	203.70
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	107.22	2.41	223.38
GEOROG 04/21	US\$	250	6.750%	Apr-21	-BB/-	100.38	4.45	429.95
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/Ba2	105.71	3.52	327.38
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	108.76	9.07	771.36
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	102.42	5.25	493.41
SILKNET 04/24	US\$	200	11.000%	Apr-24	B-/B1	110.76	7.08	554.44
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/Ba2	106.51	3.65	328.02
TBC PERP	US\$	125	10.775%	n/a	B-/-/-	106.22	9.48	831.41
GGU 07/25	US\$	250	7.750%	Jul-25	B+/-/-	103.90	6.72	607.89

#### Georgian local bonds performance

KTW 12/22	US\$	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/-/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	100.42	7.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.37	7.25	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	US\$	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-/-	100.00	12.00	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	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	US\$	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
Swiss Capital 09/21	GEL	10	13.25%	Sep-21	B-/-/-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

Source: Bloomberg



## Fixed income, continued

### Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	100.63	2.21	203.70
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.66	1.55	139.07
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	104.45	4.54	433.59
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	110.87	0.84	40.69
Russia	US\$	3,000	4.875%	Sep-23	BBB/BBB-/Baa3	110.17	0.86	59.05
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B2	100.43	1.43	125.90
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/B3	102.36	3.15	299.94

Source: Bloomberg

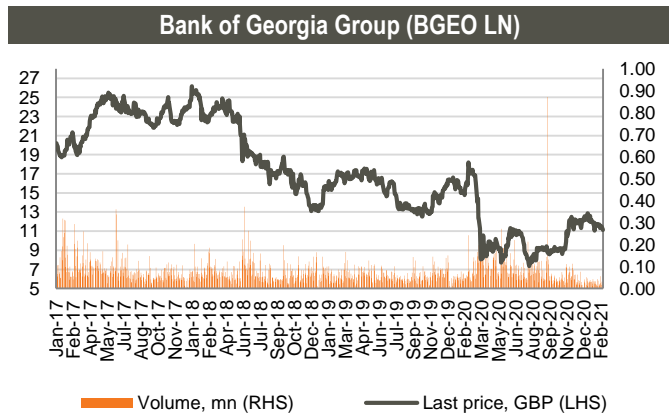


# Equities

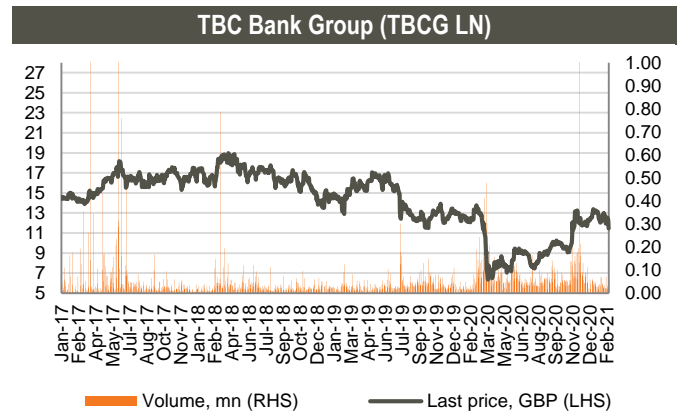
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 11.14/share (-2.62% w/w and -7.32% m/m). More than 128k shares traded in the range of GBP 10.98 - 11.68/share. Average daily traded volume was 26k in the last 4 weeks. The volume of BGEO shares traded was at 0.26% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 5.15/share (-2.28% w/w and -6.53% m/m). More than 133k shares traded in the range of GBP 5.03 - 5.40/share. Average daily traded volume was 30k in the last 4 weeks. The volume of CGEO shares traded was at 0.36% of its capitalization.

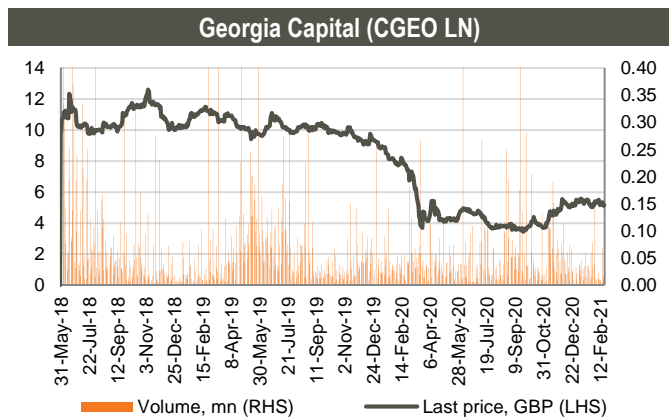
**TBC Bank Group (TBCG LN)** closed the week at GBP 11.46/share (-5.45% w/w and -11.85% m/m). More than 185k shares changed hands in the range of GBP 11.46 - 12.82/share. Average daily traded volume was 37k in the last 4 weeks. The volume of TBCG shares traded was at 0.34% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



## 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	11.14	548	38.4%	-34.7%	-8.7%	8.25x	4.80x	0.98x	0.79x
TBC	TBC	GBP	11.46	630	32.6%	-12.5%	-8.3%	6.96x	5.72x	0.97x	0.84x
Halyk Bank	HSBK	US\$	13.65	4,011	26.4%	-15.5%	17.2%	5.70x	5.16x	1.13x	1.02x
VTB Bank	VTBR	US\$	0.96	6,244	-1.9%	-35.0%	0.9%	6.89x	3.19x	0.34x	0.32x
Akbank	AKBNK	TRY	6.44	33,488	24.8%	-18.7%	-7.1%	5.99x	3.87x	0.59x	0.47x
Garanti	GARAN	TRY	9.44	39,648	29.7%	-17.5%	-9.0%	6.22x	3.89x	0.67x	0.54x
Isbank	ISCTR	TRY	6.06	27,270	18.8%	-11.4%	-13.4%	4.32x	3.28x	0.44x	0.36x
PKO	PKO	PLN	30.66	38,325	37.3%	-12.7%	6.8%	13.66x	11.65x	0.87x	0.82x
PEKAO	PEO	PLN	67.18	17,633	25.1%	-34.1%	10.0%	14.34x	12.63x	0.71x	0.68x
Millennium	MIL	PLN	4.34	5,265	44.4%	-27.7%	32.7%	76.07x	15.90x	0.59x	0.56x
Mbank	MBK	PLN	220.00	9,314	10.2%	-39.5%	22.8%	38.43x	17.86x	0.56x	0.55x
BRD	BRD	RON	14.36	10,008	23.4%	-11.9%	-3.4%	12.64x	11.54x	1.12x	1.19x
Banca Transilvania	TLV	RON	2.22	11,579	13.6%	-5.9%	-1.3%	12.33x	10.99x	1.41x	1.53x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	10.87x	0.70x	0.65x
Komercni	KOMB	CZK	670.00	127,333	25.0%	-15.6%	2.0%	16.02x	13.88x	1.13x	1.06x
<b>Mean</b>								<b>16.02x</b>	<b>9.01x</b>	<b>0.81x</b>	<b>0.76x</b>
<b>Median</b>								<b>12.33x</b>	<b>10.87x</b>	<b>0.71x</b>	<b>0.68x</b>

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	5.15	189	35.7%	-33.5%	-4.6%	n/a	n/a	n/a	n/a
Tinc Comm	TINC	EUR	12.30	335	-6.8%	-14.6%	-5.0%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	11.07	22,587	34.3%	13.0%	-3.4%	5.03x	4.16x	0.66x	0.53x
Deutsche Beteiligungs	DBAN	EUR	39.15	589	24.1%	-4.7%	18.3%	nmf	13.73x	1.38x	1.36x
Eurazeo	RF	EUR	62.10	4,891	41.5%	-5.4%	11.9%	37.14x	10.22x	0.90x	0.84x
Carlyle Group	CG	USD	36.79	4,072	35.4%	15.9%	17.0%	6.19x	5.03x	6.08x	4.08x
<b>Mean</b>								<b>16.12x</b>	<b>8.29x</b>	<b>2.25x</b>	<b>1.70x</b>
<b>Median</b>								<b>6.19x</b>	<b>7.63x</b>	<b>1.14x</b>	<b>1.10x</b>

Source: Bloomberg, S&P Capital IQ



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