



# Regional Fixed Income Market Watch

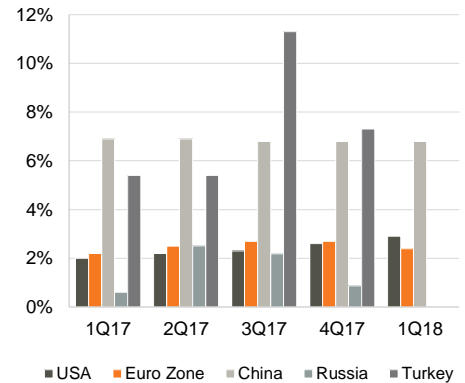
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income  
Monthly Bulletin  
May 11, 2018

## Highlights

- Real GDP growth in the US was up to an annualized 2.3% y/y in 1Q18 (advance estimate) compared to an annualized 1.2% y/y in 1Q17. GDP growth in EU19 came in at 2.5% y/y in 1Q18 versus 2.1% y/y in 1Q17. China's economy grew by 6.8% y/y in 1Q18.
- Based on rapid estimates, in March 2018 economic growth came in at 10.9% y/y in Armenia, 5.6% y/y in Georgia and 5.5% y/y in Kazakhstan. In 1Q18, GDP was up 5.1% y/y in Belarus and 2.3% y/y in Azerbaijan.
- In April 2018, annual inflation in the US was up 2.5% from 2.4% in the previous month. Based on the Eurostat flash estimate, annual inflation in EU19 was down to 1.2% in April 2018 from 1.3% in March 2018.
- In April 2018, annual inflation was below to the target level in Georgia (2.5%), Russia (2.4%) and Armenia (2.4%); Inflation was close to the target in Kazakhstan (6.5%), and above the target in Turkey (10.9%) and Ukraine (13.1%). In March 2018, annual inflation retreated to 2.6% in Azerbaijan, and increased to 5.4% in Belarus.
- Monetary policy rate was cut to 11.0% (from 13.0%) in Azerbaijan and to 9.25% (from 9.5%) in Kazakhstan in April 2018. The policy rate has remained unchanged in other countries.

## GDP growth rate, y/y



Source: Central banks, Statistics Offices, Bloomberg

## Key macro indicators

	GDP, % change			GDP, US\$ bn			GDP per capita, US\$			Inflation, period average			Fiscal balance, % of GDP			Current account balance, % of GDP		
	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F	2017	2018F	2019F
Armenia	7.5%	3.4%	3.5%	11.5	12.0	12.7	3,872	4,022	4,244	0.9%	3.5%	4.0%	-4.8%	-2.6%	-1.7%	-3.5%	-2.8%	-2.8%
Azerbaijan	0.1%	2.0%	3.9%	40.8	45.5	47.9	4,155	4,576	4,764	12.9%	7.0%	6.0%	0.9%	2.4%	2.1%	4.1%	5.6%	7.0%
Belarus	2.4%	2.8%	2.5%	54.4	59.2	61.5	5,760	6,301	6,575	6.0%	6.0%	6.0%	-1.7%	-2.4%	-3.0%	-1.7%	-2.5%	-2.7%
Georgia	5.0%	4.5%	4.8%	15.2	16.1	17.4	4,079	4,370	4,718	6.0%	3.6%	3.0%	-0.9%	-1.3%	-1.4%	-8.7%	-10.5%	-9.5%
Kazakhstan	4.0%	3.2%	2.8%	158.1	179.3	190.5	8,841	9,709	10,166	7.4%	6.4%	5.6%	-6.3%	-2.3%	-2.2%	-3.4%	-1.4%	-1.3%
Ukraine	2.5%	3.2%	3.3%	112.1	119.1	126.7	2,633	2,821	3,007	14.4%	11.0%	8.0%	-2.4%	-2.5%	-2.7%	-1.9%	-3.7%	-3.5%
Russia	1.5%	1.7%	1.5%	1,578.7	1,719.9	1,754.3	10,754	11,947	12,191	3.7%	2.8%	3.8%	-1.5%	0.0%	0.1%	2.2%	4.5%	3.8%
Turkey	7.4%	4.4%	4.0%	851.8	909.9	961.7	10,597	11,114	11,603	11.1%	11.4%	10.5%	-2.3%	-2.9%	-3.2%	-5.6%	-5.4%	-4.8%

Source: IMF, Statistic Offices, Central Banks

## Sovereign credit ratings

	Fitch			Moody's			S&P		
	LC	FC	Outlook	LC	FC	Outlook	LC	FC	Outlook
Armenia	B+	B+	positive	B1	B1	positive	NA	NA	NA
Azerbaijan	BB+	BB+	stable	Ba2	Ba2	stable	BB+	BB+	stable
Belarus	B	B	stable	B3	B3	stable	B	B	stable
Georgia	BB-	BB-	positive	Ba2	Ba2	stable	BB-	BB-	stable
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	stable	BBB-	BBB-	stable
Ukraine	B-	B-	stable	Caa2	Caa2	positive	B-	B-	stable
Russia	BBB-	BBB-	positive	Ba1	Ba1	positive	BBB	BBB-	stable
Turkey	BBB-	BB+	stable	Ba2	Ba2	stable	BB	BB-	stable

Source: Fitch Ratings, S&P Global, Moody's

## Monetary stance

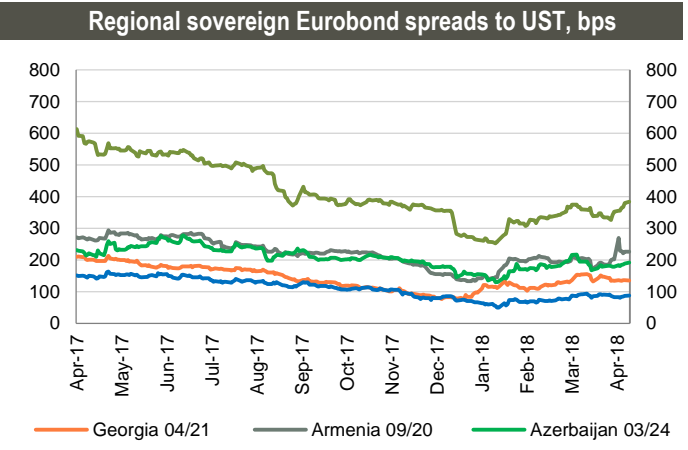
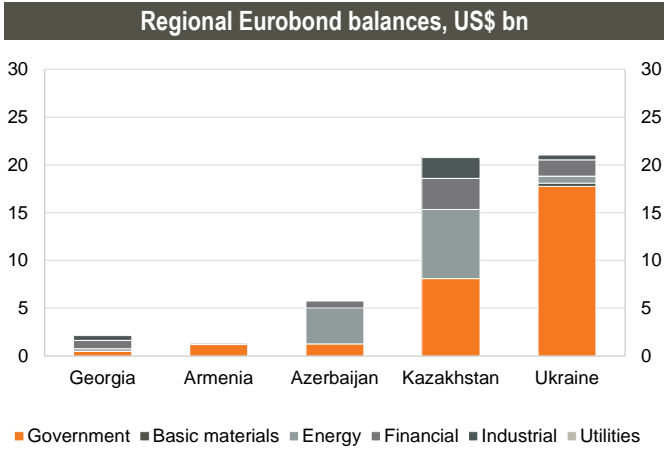
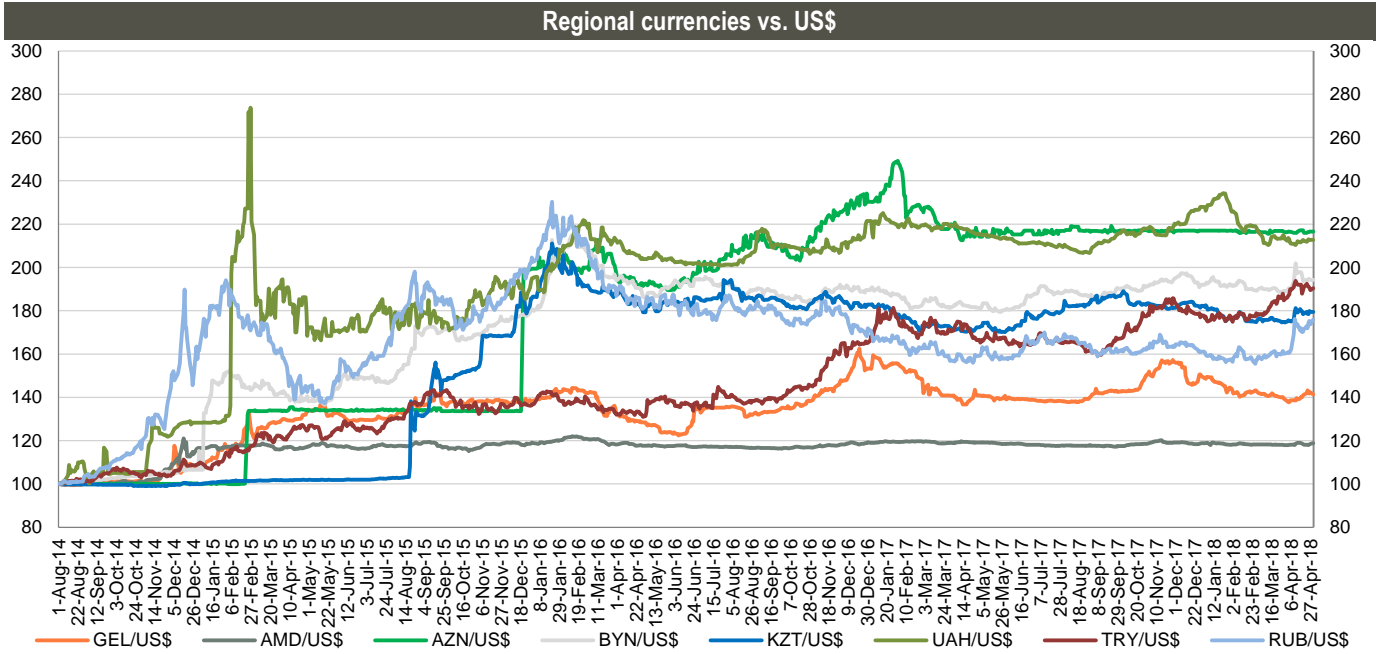
	Inflation, y/y		MPR
	Apr-18	Apr-18	
Armenia	2.4%	6.0%	
Azerbaijan	2.6%*	11.0%	
Belarus	5.4%*	10.5%	
Georgia	2.5%	7.25%	
Kazakhstan	6.5%	9.25%	
Ukraine	13.1%	17.0%	
Russia	2.4%	7.25%	
Turkey	10.85%	8.00%	

\*March 2018

Source: Central banks, Statistics Offices

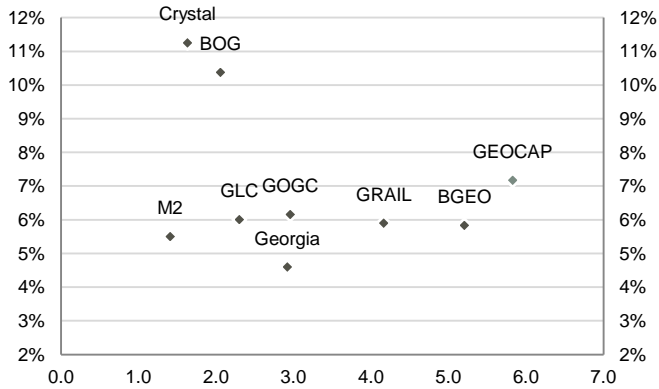


# Eurobonds



# Snapshot: Georgia

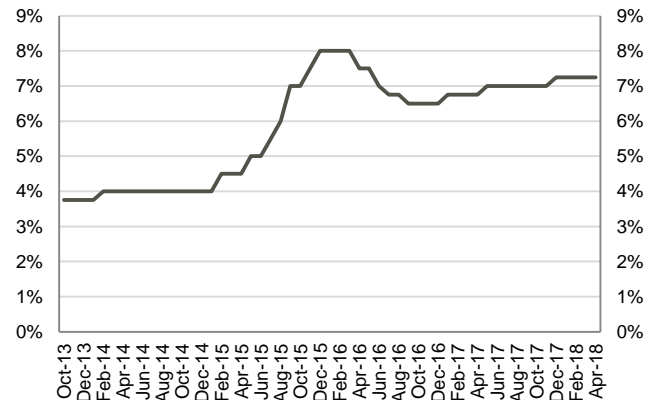
Yield curve



Remaining maturity

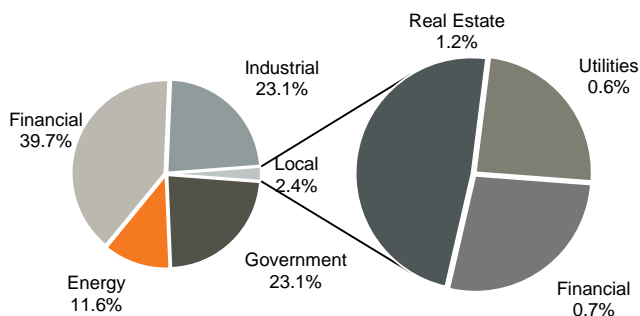
Source: Bloomberg, Galt & Taggart

Monetary policy rate



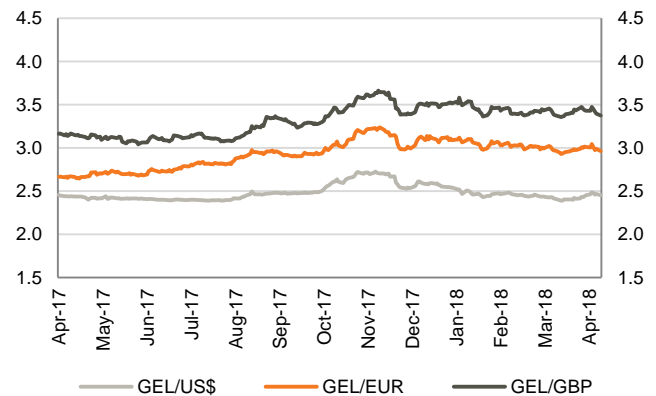
Source: National Bank of Georgia

Bond universe by sector (US\$ 2.2bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB-/BB-/Ba2	500	105.80	4.60	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB-/B+/-	250	101.20	6.15	London
BGEO Group	US\$	Financial	BGEOLN	Jul-23	6.00%	BB-/B/Ba2	350	100.52	5.83	Dublin
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/B/Ba2	500	100.44	10.37	Dublin
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	B+/B+/-	500	106.50	5.90	London
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-/B+/B2	300	94.75	7.17	Dublin
Georgian Leasing Co	US\$	Financial	GEBGG	Aug-20	7.00%	-/-	10	101.05	6.00	Georgia
M2 Real Estate	US\$	Real Estate	GEBGG	Oct-19	7.50%	-/-	25	102.02	5.50	Georgia
GWP	GEL	Utilities	GEWRPW	Dec-21	10.75%**	BB-/B+/-	30	N/A	N/A	Not Listed
MFO Crystal	GEL	Financial	MCFNOR	Dec-19	11.75%	B-/B+/-	10	100.00	11.25	Not Listed

\*Company ratings

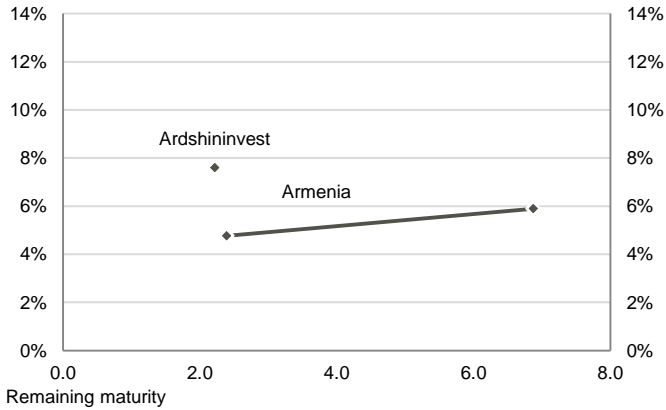
\*\*Floating rate with 3.5% over the NBG's refinancing rate

Source: Bloomberg, Galt & Taggart



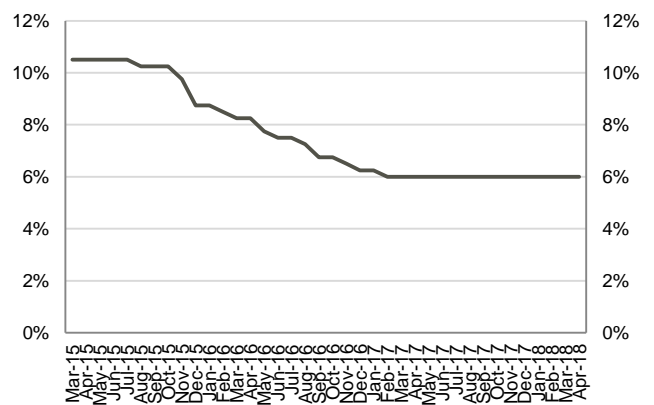
# Snapshot: Armenia

**Yield curve**



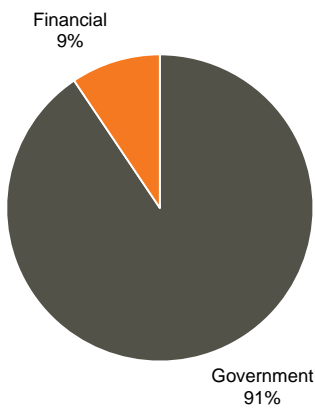
Source: Bloomberg

**Monetary policy rate**



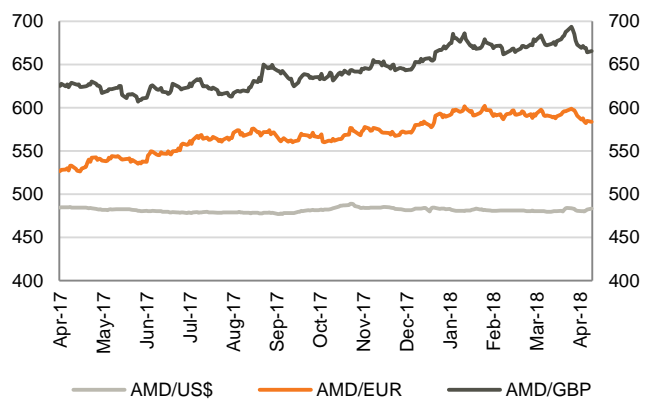
Source: Central Bank of Armenia

**Bond universe by sector (US\$ 1.3bn total)**



Source: Bloomberg

**Foreign exchange rates**



Source: Bloomberg

**Bond performance**

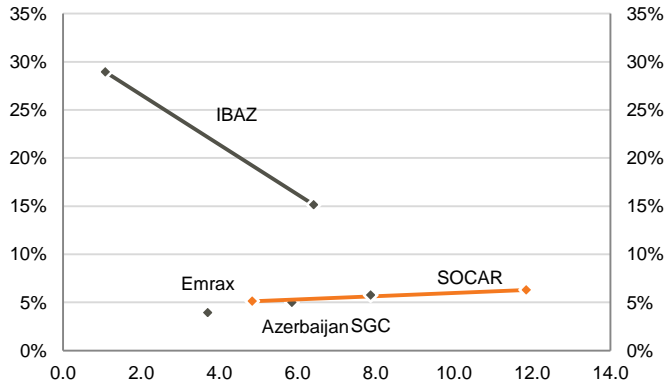
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Armenia	US\$	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	102.49	4.77	Dublin
Republic Of Armenia	US\$	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	107.01	5.89	Dublin
Ameriabank	US\$	Financial	AMERIA	Jul-18	6.75%	WD/-/-	15	N/A	N/A	Armenia
Ardshinvestbk	US\$	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	108.10	7.60	Dublin
Armswissbank	US\$	Financial	ARMSWI	Apr-19	8.00%	-/-/-	5	N/A	N/A	Armenia
Armswissbank	US\$	Financial	ARMSWI	Apr-20	8.50%	-/-/-	5	N/A	N/A	Armenia

Source: Bloomberg



# Snapshot: Azerbaijan

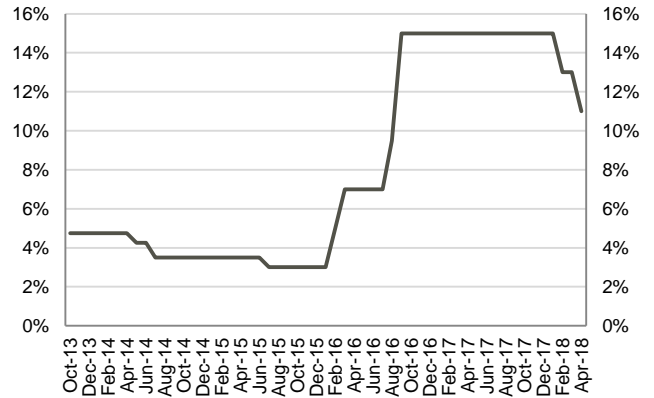
**Yield curve**



Remaining maturity

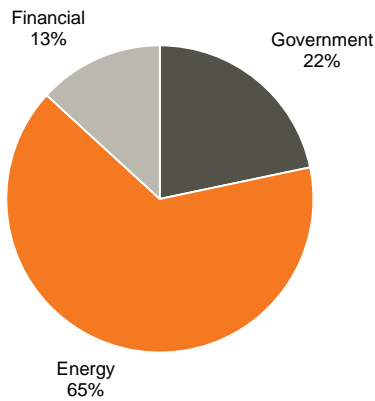
Source: Bloomberg

**Monetary policy rate**



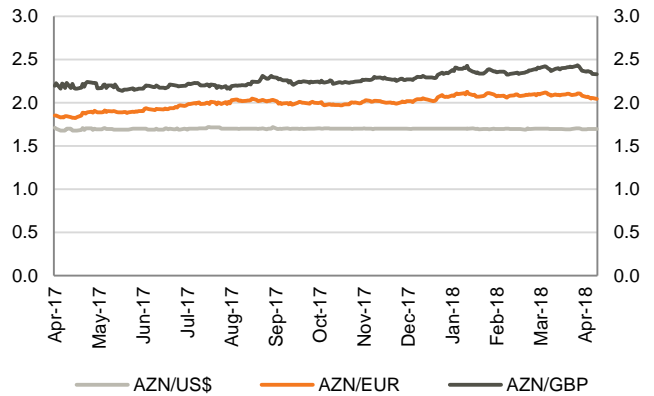
Source: Central Bank of Azerbaijan

**Bond universe by sector (US\$ 5.8bn total)**



Source: Bloomberg

**Foreign exchange rates**



Source: Bloomberg

**Bond performance**

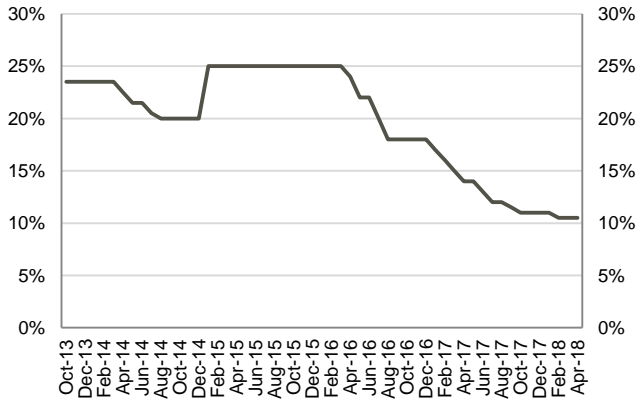
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Azerbaijan	US\$	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	98.56	5.00	Stuttgart
Southern Gas Corridor	US\$	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	107.00	5.75	Dublin
SOCAR	US\$	Energy	SOIAZ	Mar-23	4.75%	BB+/BB-/Ba2	1,000	98.38	5.11	London
SOCAR	US\$	Energy	SOIAZ	Mar-30	6.95%	BB+/BB-/NR	750	105.25	6.29	London
Emraxbank	US\$	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	117.08	3.93	Baku
IBAZ	US\$	Financial	IBAZAZ	Jun-19	5.63%	WD/-/WR	500	81.75	28.93	Stuttgart
IBAZ	US\$	Financial	IBAZAZ	Oct-24	8.25%	-/-/WR	250	70.64	15.13	Dublin

Source: Bloomberg



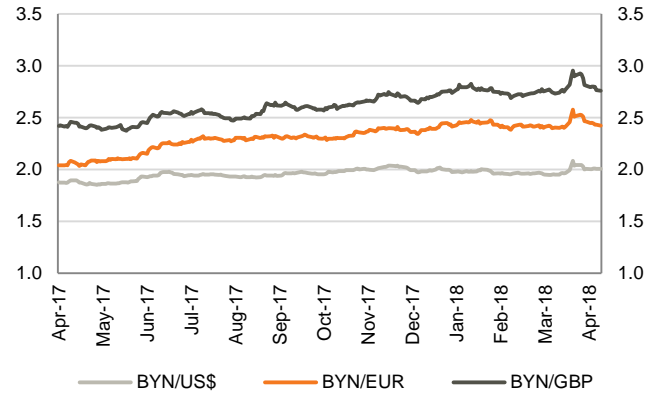
# Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates

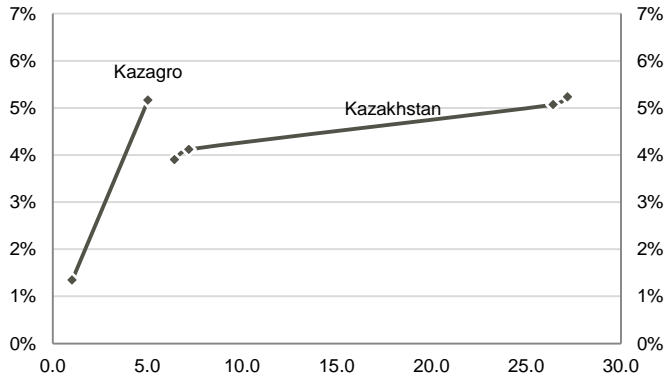


Source: Bloomberg



# Snapshot: Kazakhstan

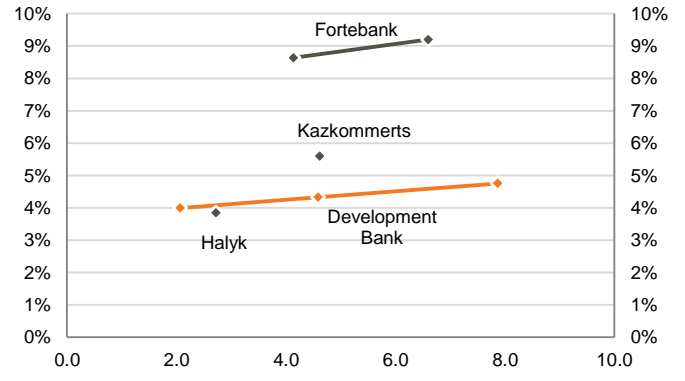
**Yield curve (sovereign)**



Remaining maturity

Source: Bloomberg

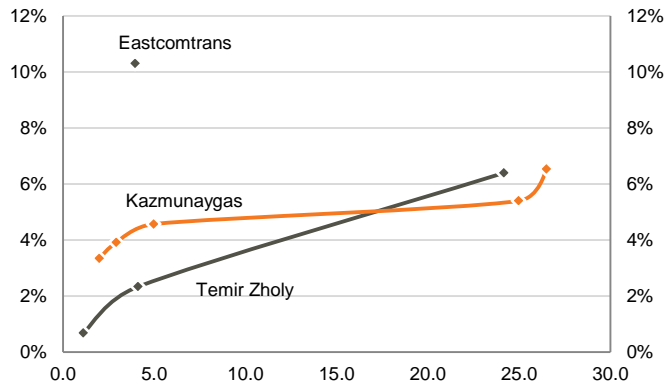
**Yield curve (banks)**



Remaining maturity

Source: Bloomberg

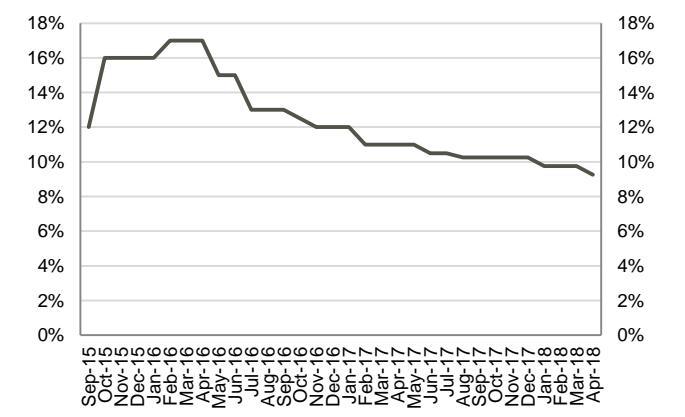
**Yield curve (other sectors)**



Remaining maturity

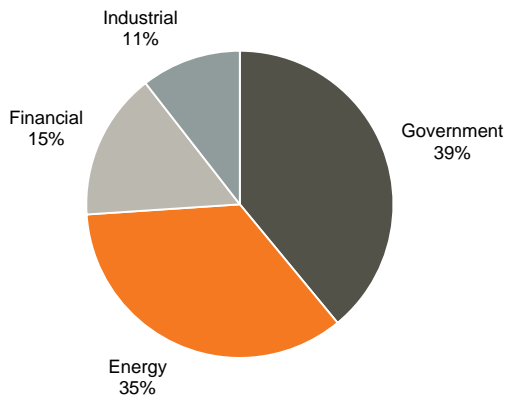
Source: Bloomberg

**Monetary policy rate**



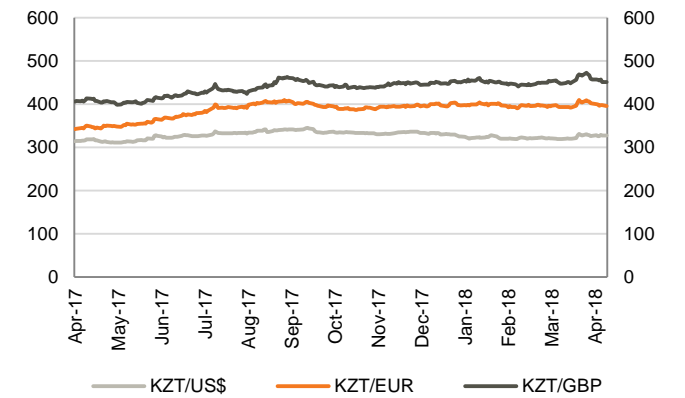
Source: National Bank of Kazakhstan

**Bond universe by sector (US\$ 20.8bn total)**



Source: Bloomberg

**Foreign exchange rates**



Source: Bloomberg



**Bond performance**

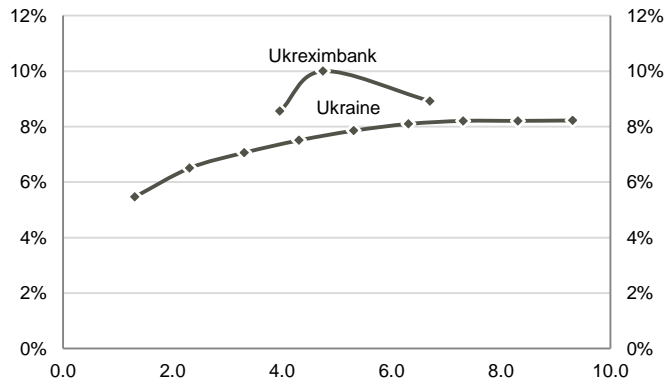
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	99.73	3.90	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	106.02	4.12	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	96.95	5.07	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	118.03	5.23	London
Kazagro Natl Mgmt Hldg	EUR	Government	KAZNMH	May-19	3.26%	BBB-/NR/Ba1	600	101.54	1.35	Dublin
Kazagro Natl Mgmt Hldg	US\$	Government	KAZNMH	May-23	4.63%	BBB-/NR/Ba1	1,000	97.41	5.16	Dublin
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-20	7.00%	BBB-/BB-/Baa3	1,500	106.86	3.35	Frankfurt
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-21	6.38%	BBB-/BB-/Baa3	1,250	106.60	3.91	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB-/Baa3	1,000	99.03	4.57	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-25	4.88%	BBB-/BB-/Baa3	500	N/A	N/A	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-43	5.75%	BBB-/BB-/Baa3	2,000	104.80	5.40	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Nov-44	6.00%	BBB-/BB-/Baa3	1,000	92.95	6.53	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	104.78	3.99	Kazakhstan
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	99.04	4.33	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	107.95	4.75	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Jun-22	14.00%	NR/B/-	61	115.74	8.64	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Dec-24	11.75%	-B/-	237	112.08	9.20	Kazakhstan
Halyk Savings Bank-Kaz.	US\$	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Baa3	500	108.59	3.84	London
Kazkommertsbank	US\$	Financial	KKB	Dec-22	5.50%	BB-/B+/-	750	99.52	5.59	Kazakhstan
Eastcomtrans	US\$	Industrial	EASTCM	Apr-22	8.00%	WD-/B3	100	92.14	10.31	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-19	2.59%	BBB-/BB-/Baa3	100	101.88	0.68	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Oct-20	6.38%	BBB-/NR/WR	700	N/A	N/A	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-22	3.64%	BBB-/BB-/Baa3	185	104.90	2.33	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Jul-42	6.95%	BBB-/BB-/Baa3	1,100	106.50	6.40	London

Source: Bloomberg



# Snapshot: Ukraine

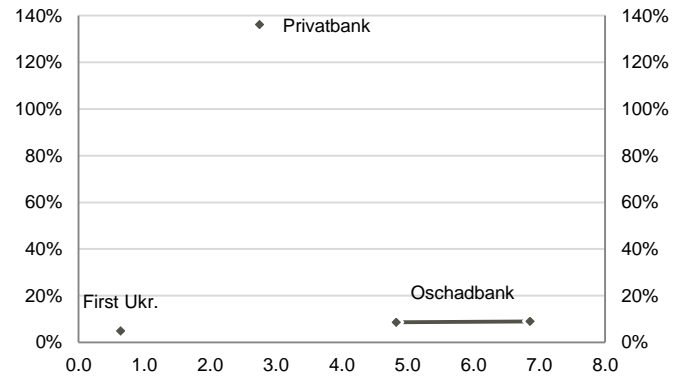
**Yield curve (sovereign)**



Remaining maturity

Source: Bloomberg

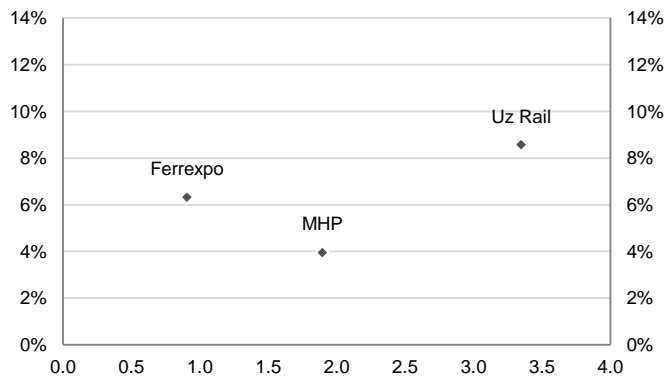
**Yield curve (banks)**



Remaining maturity

Source: Bloomberg

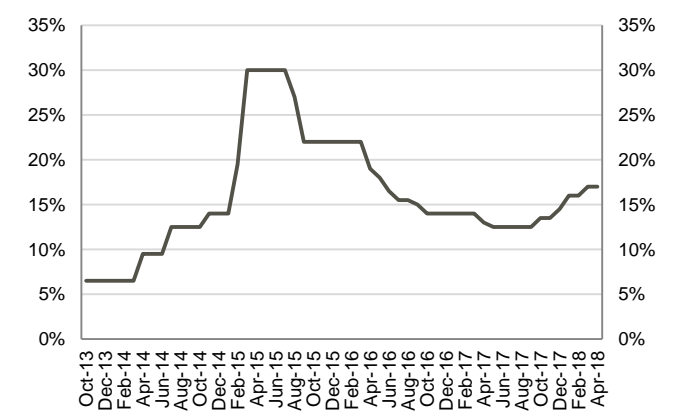
**Yield curve (other sectors)**



Remaining maturity

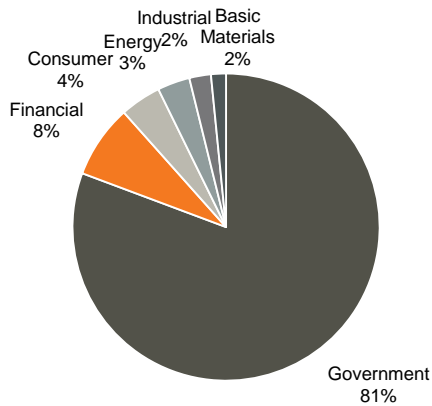
Source: Bloomberg

**Monetary policy rate**



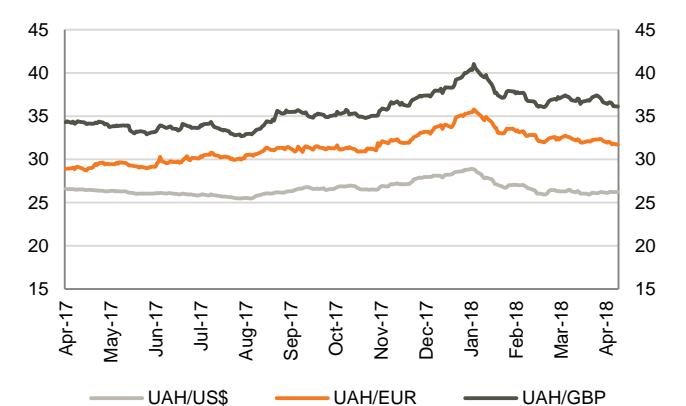
Source: National Bank of Ukraine

**Bond universe by sector (US\$ 22.0bn total)**



Source: Bloomberg

**Foreign exchange rates**



Source: Bloomberg



**Bond performance**

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Ukraine Government	US\$	Government	UKRAIN	Sep-19	7.75%	B-/B-/Caa2	1,822	102.61	5.47	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa2	1,780	102.35	6.51	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa2	1,409	101.74	7.06	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa2	1,384	100.53	7.51	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa2	1,355	99.36	7.85	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa2	1,339	98.11	8.10	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa2	1,329	97.28	8.21	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa2	1,318	97.05	8.21	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa2	1,307	96.80	8.22	Dublin
Ukraine Government	US\$	Government	UKRAIN	May-40	0.00%	-B/-	3,214	67.50	N/A	Dublin
Ukreximbank	US\$	Government	EXIMUK	Apr-22	9.63%	B-/B-/Caa2	750	103.31	8.55	Dublin
Ukreximbank	US\$	Government	EXIMUK	Feb-23	8.16%	CC-/B-/Caa3	125	97.75	10.00	Dublin
Ukreximbank	US\$	Government	EXIMUK	Jan-25	9.75%	B-/B-/Caa2	600	103.95	8.92	Dublin
Ferrexpo Finance	US\$	Basic Materials	FXPOLN	Apr-19	10.38%	B/B/Caa1	186	103.33	6.32	Dublin
Ferrexpo Finance	US\$	Basic Materials	FXPOLN	Apr-19	10.38%	B/B/Caa1	161	103.25	6.37	Dublin
Avangardco Investments	US\$	Consumer	AVINPU	Oct-18	10.00%	WD/-	200	20.22	864.73	London
MHP	US\$	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	107.58	3.95	Dublin
Dtek Finance	US\$	Energy	DTEKUA	Apr-18	7.88%	WD/-/WR	750	N/A	N/A	Trace
First Ukr.	US\$	Financial	PUMBUZ	Dec-18	11.00%	NR/-/WR	275	103.07	4.92	Zurich
Privatbank	US\$	Financial	PRBANK	Feb-21	11.00%	-/-	220	10.74	136.18	Channel Isl.
Oschadbank	US\$	Financial	OSCHAD	Mar-23	9.38%	B-/B-/Caa2	700	102.53	8.63	Dublin
Oschadbank	US\$	Financial	OSCHAD	Mar-25	9.63%	B-/B-/Caa2	500	103.18	8.96	Dublin
Uz Rail Via Shortline	US\$	Industrial	RAILUA	Sep-21	9.88%	CCC/CCC+/-	500	103.41	8.56	Dublin

Source: Bloomberg

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