



Regional Fixed Income Market Watch

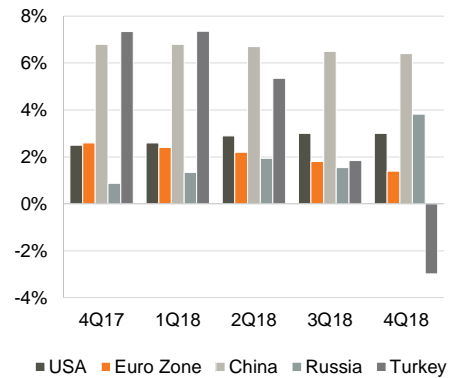
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
Monthly Bulletin
April 12, 2019

Highlights

- US real GDP growth in 4Q18 was revised down to an annualized 2.2% (3rd estimate), from 2.6% initial estimate. Unemployment rate was unchanged at 3.8% in March 2019.
- In February 2019, economic growth accelerated and came in at 7.6% y/y in Armenia, 4.6% y/y in Georgia, 4.3% y/y in Kazakhstan and 2.1% y/y in Russia, based on rapid estimates. In 2M19, real GDP growth was 3.0% y/y in Azerbaijan and 0.8% y/y in Belarus.
- According to the IMF's 2019 World Economic Outlook, real GDP growth projections for 2019 remained unchanged for Georgia (4.6%), Ukraine (2.7%) and Russia (1.6%), while it was reduced for Armenia (-0.2ppts to 4.6%), Azerbaijan (-0.2ppts to 3.4%), Belarus (-1.3ppts to 1.8%) and Turkey (-2.9ppts to -2.5%); real GDP growth projection was revised upwards for Kazakhstan (+0.1ppts to 3.2%).
- Annual inflation in the US was 1.9% in March 2019, up from 1.5% in previous month. Based on the Eurostat flash estimate, annual inflation in EU19 was 1.4% in March 2019, down from 1.5% in February 2019.
- In March 2019, annual inflation was above the target level in Georgia (3.7%), Russia (5.3%), Belarus (5.8%), Ukraine (8.6%) and Turkey (19.7%); inflation was within the target range in Kazakhstan (4.8%), and below the target in Armenia (1.9%).
- Monetary policy rate was cut by 0.25bp to 6.5% in Georgia, by 0.25bp to 9.0% in Azerbaijan and has remained unchanged in other countries in March 2019.

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		
	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F	2018	2019F	2020F
Armenia	5.2%	4.6%	4.5%	12.4	13.1	13.9	4,149	4,381	4,636	2.5%	2.1%	3.0%	-1.8%	-2.5%	-2.0%	-6.2%	-4.6%	-4.3%
Azerbaijan	1.4%	3.4%	3.1%	45.4	45.2	47.4	4,569	4,498	4,659	2.3%	2.5%	2.5%	4.0%	4.4%	5.9%	12.6%	11.7%	13.3%
Belarus	3.0%	1.8%	2.2%	59.6	61.0	63.7	6,306	6,477	6,799	4.9%	5.0%	5.0%	2.3%	-2.0%	-1.7%	-2.3%	-4.0%	-2.3%
Georgia	4.7%	4.6%	5.0%	16.2	17.2	18.9	4,346	4,661	5,138	2.6%	2.5%	3.0%	-0.9%	-1.7%	-2.3%	-7.7%	-8.0%	-7.8%
Kazakhstan	4.1%	3.2%	3.2%	170.5	164.2	177.3	9,237	8,764	9,325	6.0%	5.5%	5.0%	0.5%	1.4%	1.7%	0.6%	0.1%	0.6%
Ukraine	3.3%	2.7%	3.0%	124.6	134.9	147.2	2,963	3,221	3,528	10.9%	8.0%	5.9%	-2.3%	-2.3%	-2.3%	-3.7%	-2.5%	-2.4%
Russia	2.3%	1.6%	1.7%	1,630.7	1,610.4	1,667.5	11,327	11,191	11,597	2.9%	5.0%	4.5%	2.8%	1.0%	0.8%	7.0%	5.7%	5.1%
Turkey	2.6%	-2.5%	2.5%	766.4	706.2	809.6	9,346	8,507	9,633	16.3%	17.5%	14.1%	-3.6%	-3.1%	-3.5%	-3.6%	0.7%	-0.4%

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	stable	Ba2	Ba2	stable	BB-	BB-	stable
Kazakhstan	BBB	BBB	stable	Baa3	Baa3	stable	BBB-	BBB-	stable
Ukraine	B-	B-	stable	Caa1	Caa1	stable	B-	B-	stable
Russia	BBB-	BBB-	positive	Baa3	Baa3	stable	BBB	BBB-	stable
Turkey	BB+	BB	negative	Ba3	Ba3	negative	BB-	B+	stable

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

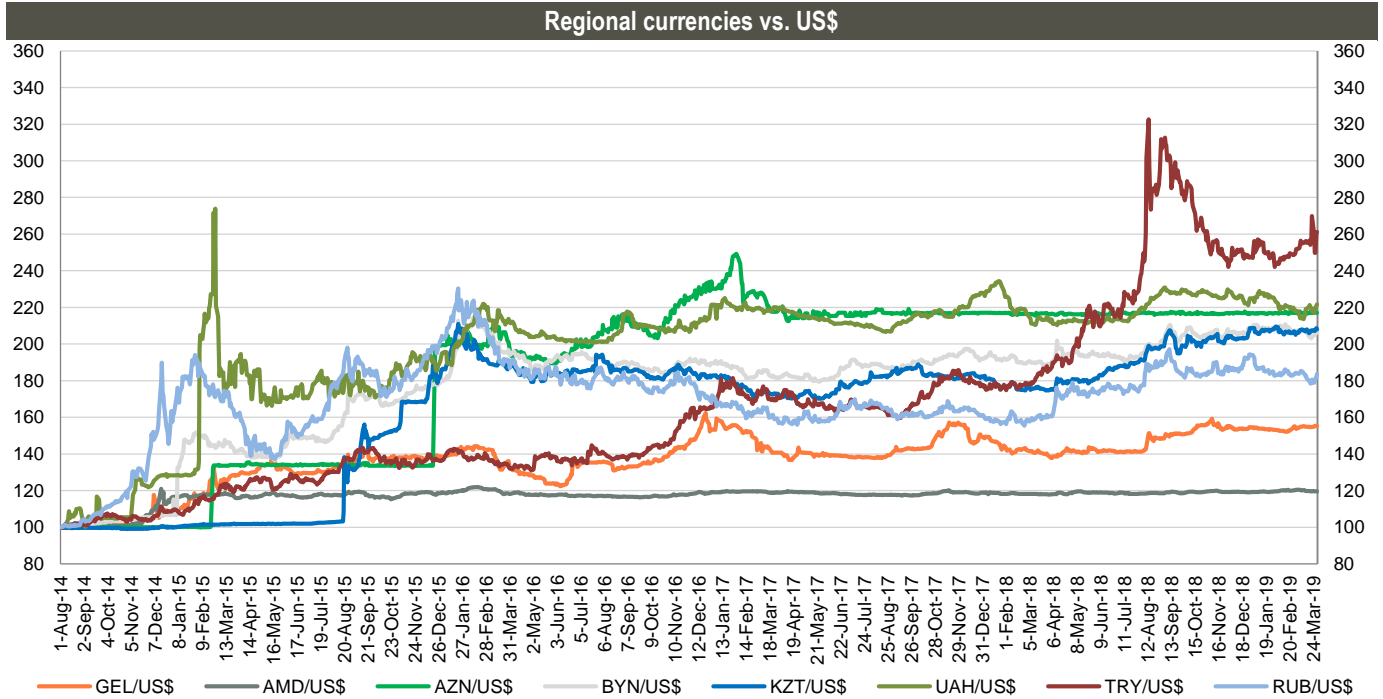
Monetary stance

	Inflation, y/y		MPR
	Mar-19	Mar-19	
Armenia	1.9%	5.75%	
Azerbaijan	2.2%*	9.00%	
Belarus	5.8%	10.0%	
Georgia	3.7%	6.50%	
Kazakhstan	4.8%	9.25%	
Ukraine	8.6%	18.0%	
Russia	5.3%	7.75%	
Turkey	19.7%	24.0%	

Source: Central banks, Statistics Offices

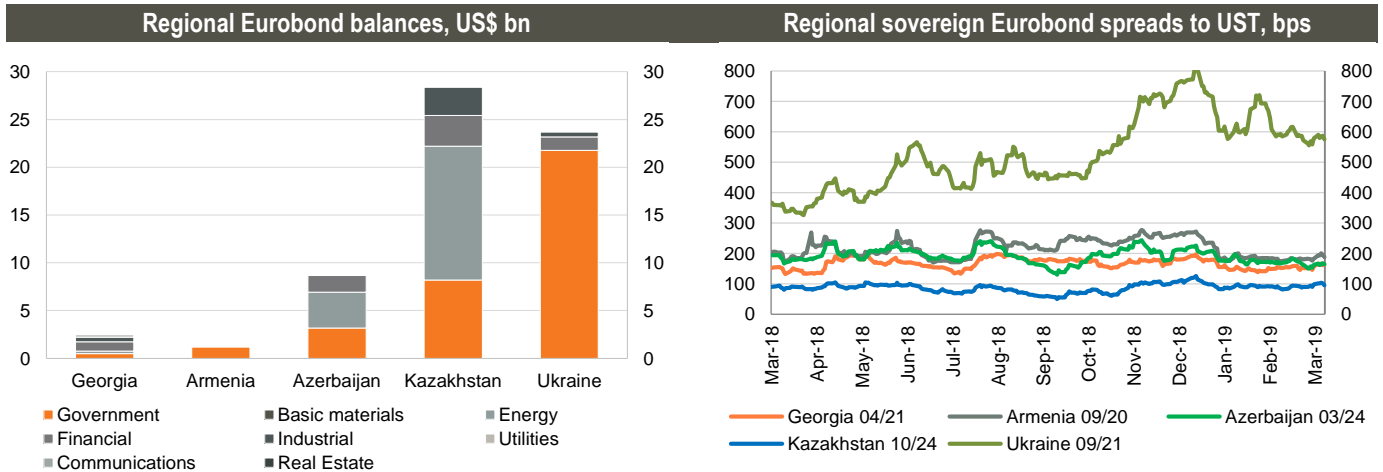
*Feb-19

Eurobonds



Source: Bloomberg

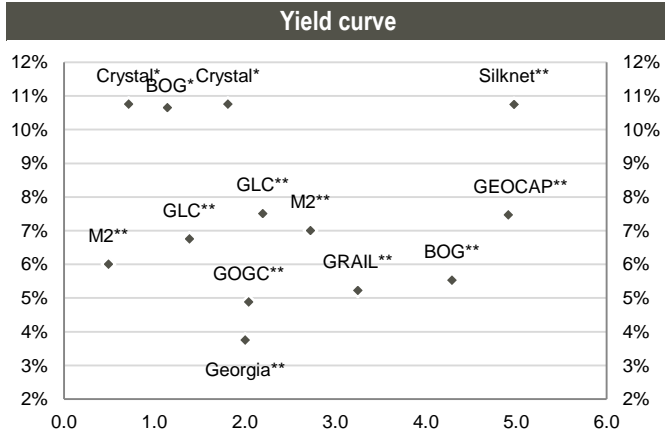
Note: National currency per US\$; Index growth means depreciation of the local currency, index decline means appreciation of the local currency; Aug-2014=100



Source: Bloomberg

Source: Bloomberg

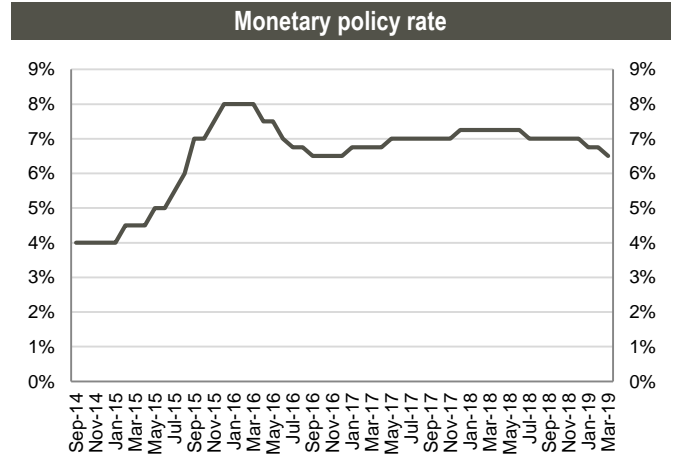
Snapshot: Georgia



Remaining maturity

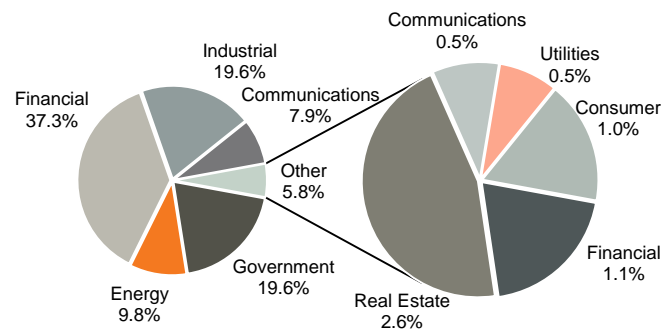
*In GEL; **In US\$

Source: Bloomberg, Galt & Taggart



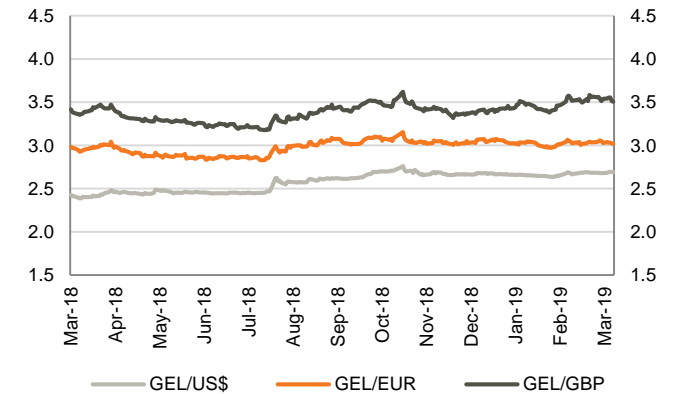
Source: National Bank of Georgia

Bond universe by sector (US\$ 2.5bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg



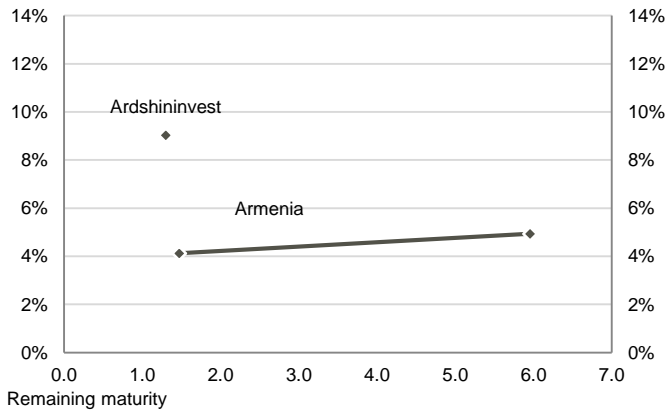
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's/Scope)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB/BB-/Ba2/-	500	105.66	3.75	London
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	107.30	5.22	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB/B+/-/-	250	103.28	4.88	London
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/Ba2/-	500	99.66	10.65	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/Ba2/-	350	101.51	5.53	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	N/A	11.13%	B-/B+/-/-	100	102.81	10.74	Dublin
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-/B+/B2/-	300	94.31	7.46	Dublin
Silknet	US\$	Communications	SILNET	Apr-24	11.00%	B+/-/-/-	200	100.72	10.75	Dublin
GWP	GEL	Utilities	GEWRPW	Dec-21	10.00%	BB-/B+/-/-	30	N/A	N/A	Georgia
M2 Real Estate	US\$	Real Estate	\$M204J	Oct-19	7.50%	-/-/-/-	25	100.49	6.00	Georgia
M2 Commercial Assets	US\$	Real Estate	\$M2C01L	Dec-21	7.50%	-/-/-/-	30	100.00	7.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-/-	10	100.00	6.75	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-/-	5	96.99	7.50	Georgia
Nikora	US\$	Consumer	\$NKR01J	Jun-19	9.00%	-/-/B+	10	N/A	N/A	Georgia
Nikora Trade	GEL	Consumer	#NKR02L	Aug-21	10.50%	-/-/B+	5	N/A	N/A	Georgia
Silknet	GEL	Communications	#SLK01M	Aug-22	10.00%	B+/-/-/-	34	N/A	N/A	Georgia
MFO Crystal	GEL	Financial	#CRS01J	Dec-19	11.00%	B/-/-/-	10	100.00	10.75	Georgia
MFO Crystal	GEL	Financial	N/A	Feb-21	10.50%	B/-/-/-	15	98.80	10.75	Not Listed
MFO Swiss Capital	GEL	Financial	N/A	Sep-21	12.75%	B/-/-/-	10	N/A	N/A	Not Listed
Georgian Beer Company	GEL	Consumer	#GBC01N	Dec-23	10.50%	-/-/BB-	25	N/A	N/A	Georgia
Lisi Lake Development	US\$	Real Estate	\$LLD01L	Dec-21	8.00%	-/-/B+	12	N/A	N/A	Georgia

Source: Bloomberg, Galt & Taggart

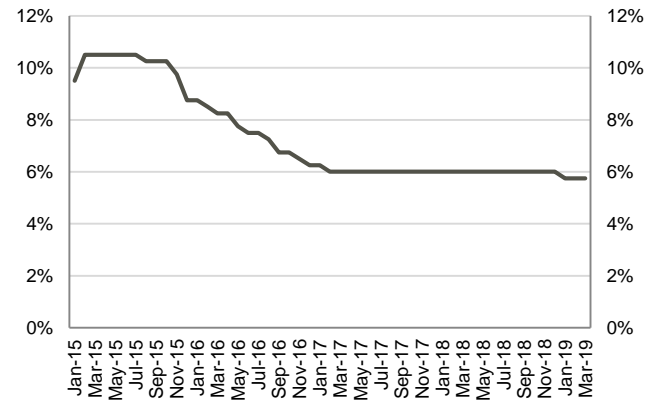
Snapshot: Armenia

Yield curve



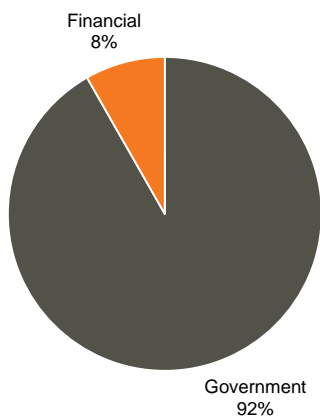
Source: Bloomberg

Monetary policy rate



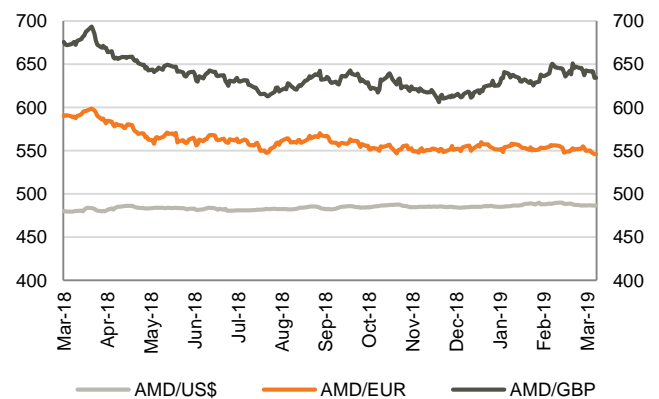
Source: Central Bank of Armenia

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



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

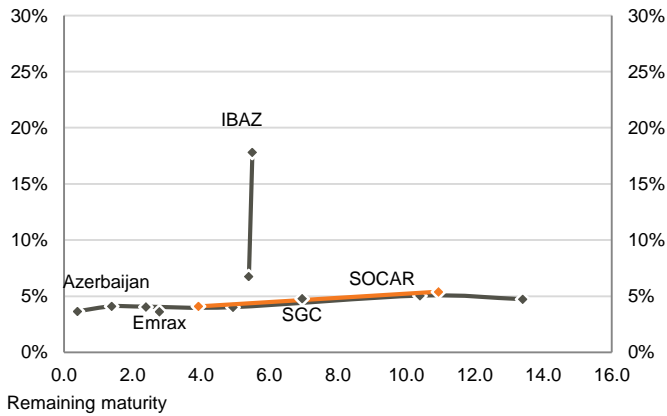
Bond performance

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	102.51	4.10	Dublin
Republic Of Armenia	US\$	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	111.13	4.94	Dublin
Ardshinvestbk	US\$	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	103.01	9.03	Dublin
Armswissbank	US\$	Financial	ARMSWI	Apr-20	8.50%	-/-	5	N/A	N/A	Armenia

Source: Bloomberg

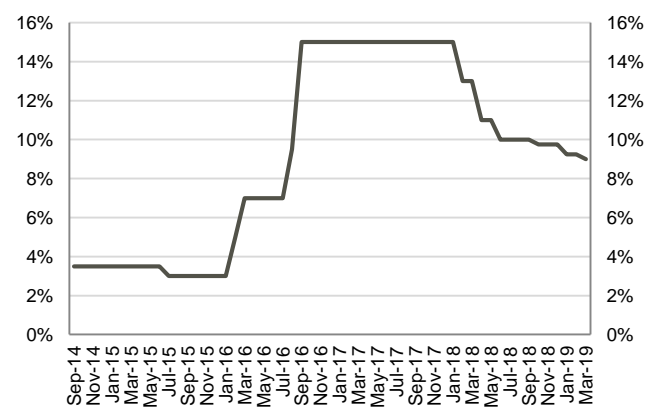
Snapshot: Azerbaijan

Yield curve



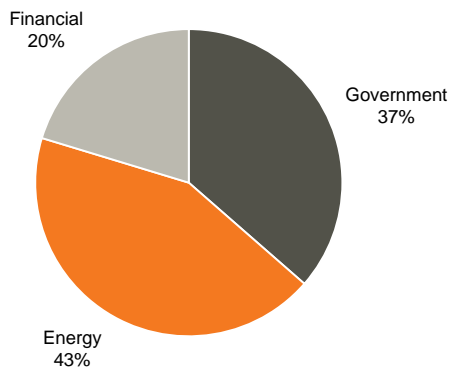
Source: Bloomberg

Monetary policy rate



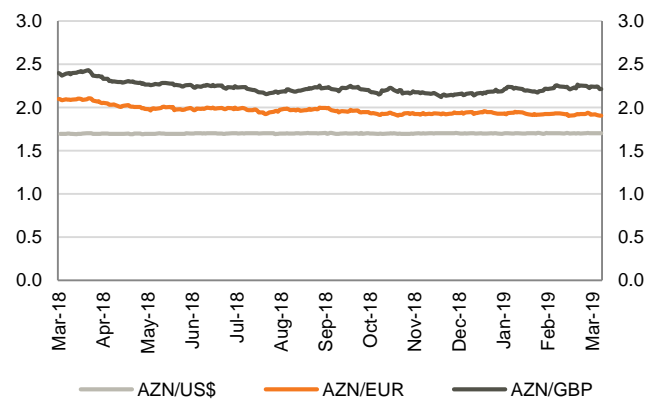
Source: Central Bank of Azerbaijan

Bond universe by sector (US\$ 8.7bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

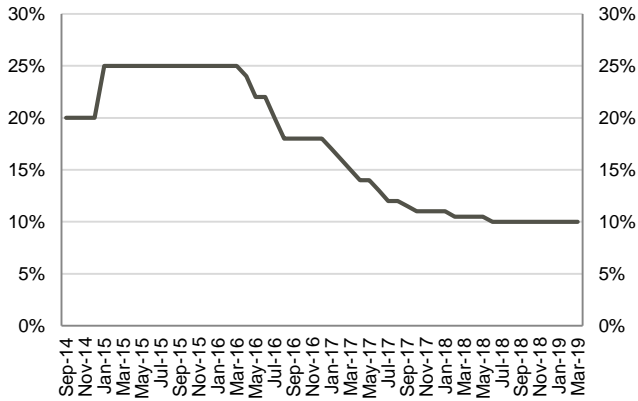
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-19	2.82%	BB+/-/Ba2	174	99.49	3.65	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	97.92	4.09	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	96.77	4.06	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	103.16	4.01	Stuttgart
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	100.47	5.05	Not Listed
Republic Of Azerbaijan	US\$	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	87.58	4.73	Not Listed
Southern Gas Corridor	US\$	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	112.15	4.78	Dublin
SOCAR	US\$	Energy	SOIAZ	Mar-23	4.75%	BB+/-/Ba2	1,000	102.26	4.09	London
SOCAR	US\$	Energy	SOIAZ	Mar-30	6.95%	BB+/-/Ba2	750	112.62	5.39	London
Emraxbank	US\$	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	113.78	3.63	Baku
IBAZ	US\$	Financial	IBAZAZ	Jun-19	5.63%	WD/-/WR	500	N/A	N/A	Stuttgart
IBAZ	US\$	Financial	IBAZAZ	Sep-24	3.50%	B/-	1,000	84.95	6.75	Not Listed
IBAZ	US\$	Financial	IBAZAZ	Oct-24	8.25%	-/WR	250	61.25	17.81	Dublin

Source: Bloomberg



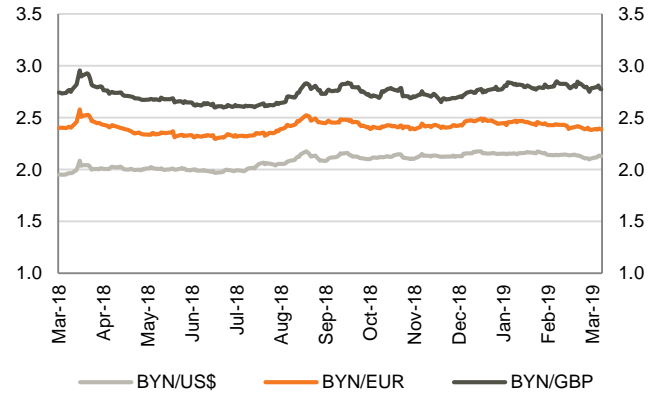
Snapshot: Belarus

Monetary policy rate



Source: National Bank of Belarus

Foreign exchange rates



Source: Bloomberg

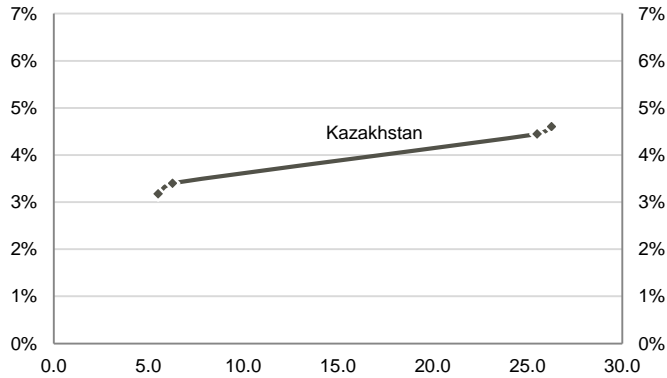
Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Bid price	YTM Mid	Exchange
Republic Of Belarus	US\$	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	105.53	5.21	Dublin
Republic Of Belarus	US\$	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	108.52	6.23	Dublin
Republic Of Belarus	US\$	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	99.25	6.26	Dublin

Source: Bloomberg

Snapshot: Kazakhstan

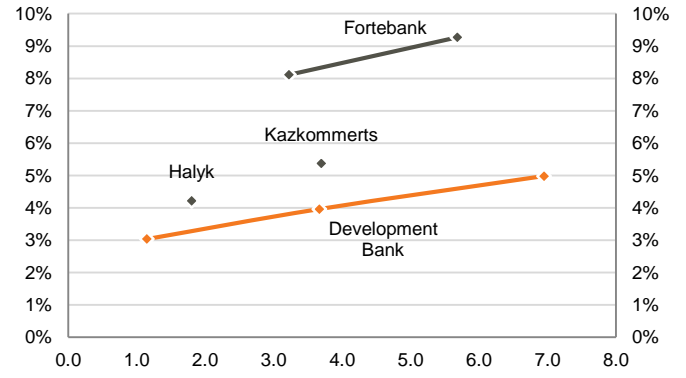
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

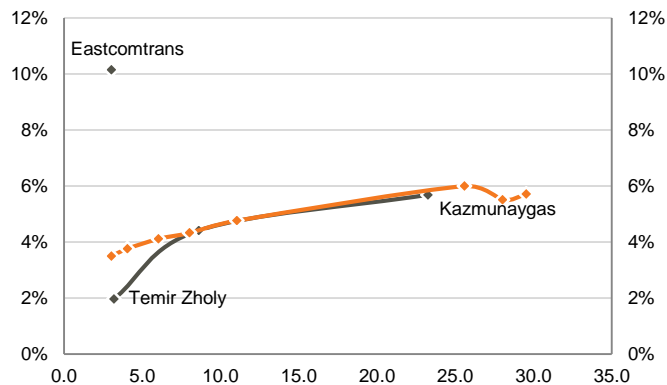
Yield curve (banks)



Remaining maturity

Source: Bloomberg

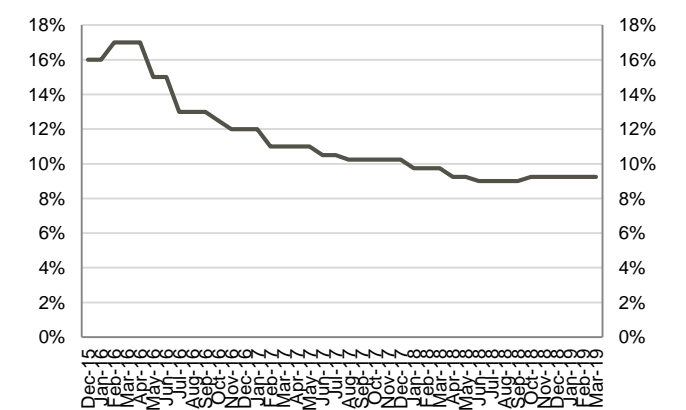
Yield curve (other sectors)



Remaining maturity

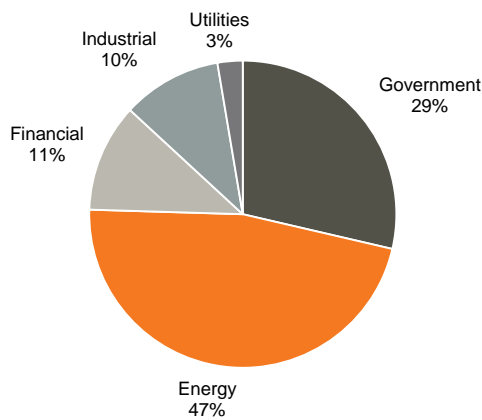
Source: Bloomberg

Monetary policy rate



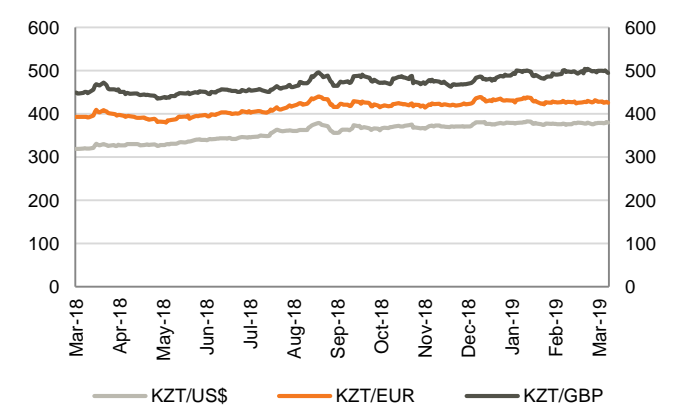
Source: National Bank of Kazakhstan

Bond universe by sector (US\$ 28.4bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

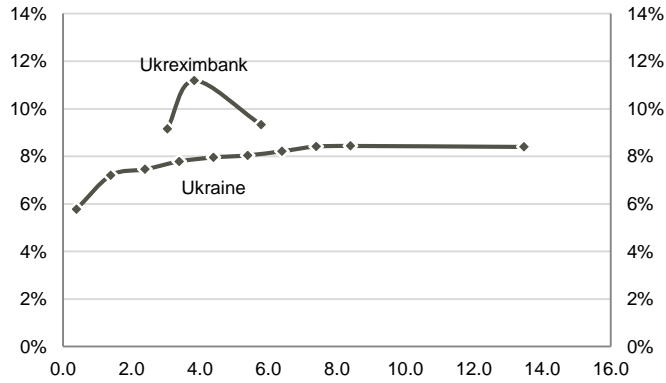
Bond performance

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	103.28	3.17	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	109.49	3.40	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	106.35	4.45	London
Republic Of Kazakhstan	US\$	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	128.58	4.60	London
Kazagro Natl Mgmt Hldg	EUR	Government	KAZNMH	May-19	3.26%	BBB/NR/Baa1	600	100.15	-1.31	Dublin
Kazagro Natl Mgmt Hldg	US\$	Government	KAZNMH	May-23	4.63%	WD/NR/Baa1	1,000	N/A	N/A	Dublin
Kazmunaygas National Co	US\$	Energy	KZOKZ	May-20	7.00%	BBB-/BB/WR	1,500	N/A	N/A	Frankfurt
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-21	6.38%	BBB-/BB/WR	1,250	N/A	N/A	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-22	3.88%	BBB-/BB/Baa3	500	101.03	3.50	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	102.27	3.76	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-25	4.75%	BBB-/Baa3	500	103.27	4.11	London
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-27	4.75%	BBB-/BB/Baa3	1,000	102.71	4.32	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-30	5.38%	BBB-/Baa3	1,250	105.02	4.76	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-43	5.75%	BBB-/BB/WR	2,000	N/A	N/A	Kazakhstan
Kazmunaygas National Co	US\$	Energy	KZOKZ	Nov-44	6.00%	BBB-/BB/Baa3	1,000	100.00	6.00	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	103.38	5.50	London
Kazmunaygas National Co	US\$	Energy	KZOKZ	Oct-48	6.38%	BBB-/Baa3	1,500	109.37	5.71	London
Kaztransgas	US\$	Utilities	KZTGKZ	Sep-27	4.38%	BBB-/Baa3	750	97.92	4.66	Dublin
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	103.49	3.04	Kazakhstan
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	100.47	3.96	London
Development Bank Of Kaz.	US\$	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	105.55	4.98	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Jun-22	14.00%	-/B/-	61	115.73	8.11	Kazakhstan
Fortebank	US\$	Financial	ALLIBK	Dec-24	11.75%	B/B/-	237	110.53	9.27	Kazakhstan
Halyk Savings Bank-Kaz.	US\$	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Baa3	500	105.06	4.22	London
Kazkommertsbank	US\$	Financial	KKB	Dec-22	5.50%	BB/BB/-	750	100.22	5.38	Kazakhstan
Eastcomtrans	US\$	Industrial	EASTCM	Apr-22	8.00%	WD-/B3	100	93.98	10.15	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-19	2.59%	BBB-/BB-/Baa3	100	100.44	0.03	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Oct-20	6.38%	WD/NR/WR	700	N/A	N/A	London
Kazakhstan Temir Zholy	CHF	Industrial	KTZKZ	Jun-22	3.64%	BBB-/BB-/Baa3	185	104.83	1.97	Zurich
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Nov-27	4.85%	BBB-/Baa3	780	103.03	4.41	Dublin
Kazakhstan Temir Zholy	US\$	Industrial	KTZKZ	Jul-42	3.88%	BBB-/BB-/Baa3	1,100	116.13	5.68	London

Source: Bloomberg

Snapshot: Ukraine

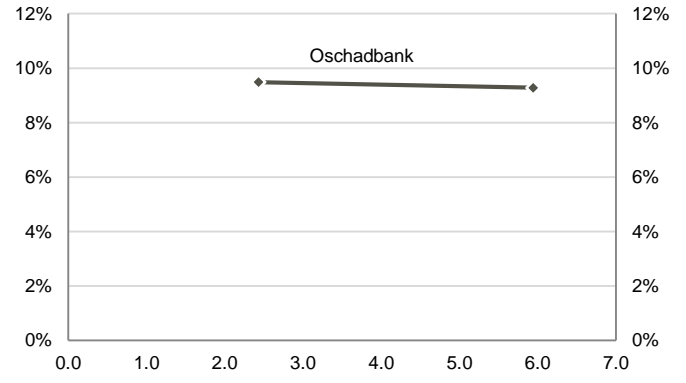
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

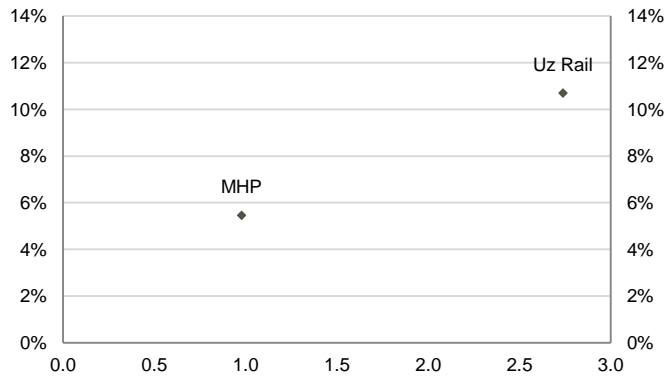
Yield curve (banks)



Remaining maturity

Source: Bloomberg

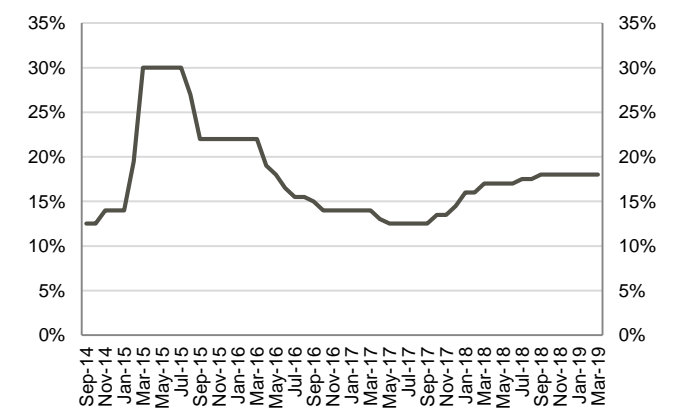
Yield curve (other sectors)



Remaining maturity

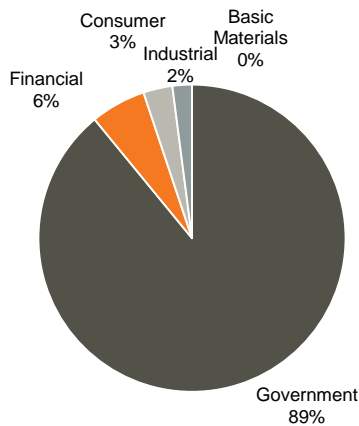
Source: Bloomberg

Monetary policy rate



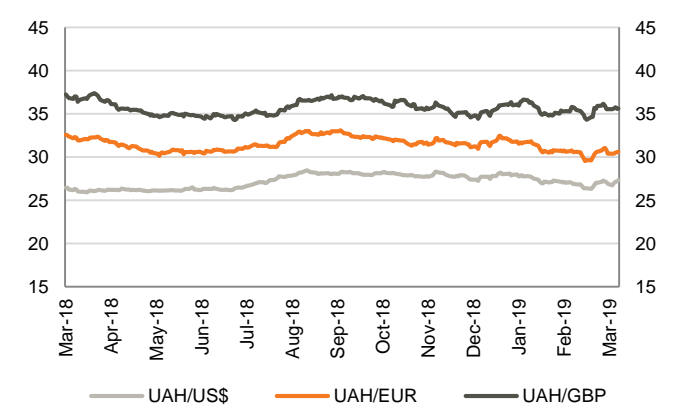
Source: National Bank of Ukraine

Bond universe by sector (US\$ 24.4bn 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-/Caa1	1,822	100.50	5.78	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	100.51	7.21	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	100.38	7.46	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	99.73	7.79	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	99.06	7.96	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	98.55	8.05	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	97.53	8.22	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	96.20	8.42	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	95.79	8.44	Dublin
Ukraine Government	US\$	Government	UKRAIN	Sep-32	7.38%	B-/B/-	3,000	91.63	8.40	Dublin
Ukraine Government	US\$	Government	UKRAIN	May-40	N/A	-/B/-	3,239	66.52	N/A	Dublin
Aid-Ukraine	US\$	Government	AID	Sep-21	1.47%	-/-	1,000	97.80	2.37	Frankfurt
Ukreximbank	US\$	Government	EXIMUK	Apr-22	9.63%	B-/Caa1	750	100.87	9.16	Dublin
Ukreximbank	US\$	Government	EXIMUK	Feb-23	9.00%	CCC-/Caa2	125	94.34	11.19	Dublin
Ukreximbank	US\$	Government	EXIMUK	Jan-25	9.75%	B-/Caa1	600	101.61	9.34	Dublin
MHP	US\$	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	102.23	5.46	Dublin
Privatbank	US\$	Financial	PRBANK	Feb-21	11.00%	-/-	220	N/A	N/A	Channel Isl.
Oschadbank	US\$	Financial	OSCHAD	Mar-23	9.38%	B-/Caa1	700	101.25	8.91	Dublin
Oschadbank	US\$	Financial	OSCHAD	Mar-25	9.63%	B-/Caa1	500	101.31	9.28	Dublin
Uz Rail Via Shortline	US\$	Industrial	RAILUA	Sep-21	9.88%	B-/CCC+/-	500	100.59	9.48	Dublin

Source: Bloomberg

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