



Regional Fixed Income Market Watch

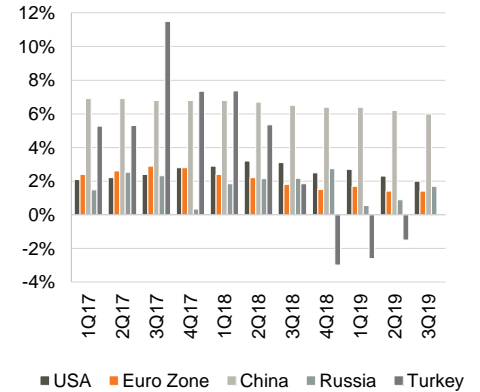
Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine

Regional | Fixed Income
Monthly Bulletin
November 22, 2019

Highlights

- US real GDP growth came in at 1.9% annualized rate (advance estimate) in 3Q19 after 2.0% growth in 2Q19. Annual inflation in the US was 1.8% in October 2019, up from 1.7% in the previous month. Unemployment rate was 3.6% in October 2019, up from 3.5% in the previous month. Target range for the federal funds rate was lowered to 1.5%-1.75% in October 2019.
- EU19 real GDP growth was 1.2% y/y in 3Q19 unchanged from 2Q19. Based on the Eurostat flash estimate, annual inflation in EU19 was 0.7% in October 2019, down from 0.8% in the previous month. Unemployment rate in EU19 was 7.5% in September 2019, unchanged from the previous month. In October 2019, ECB kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively.
- Chinese economy increased by 6.0% y/y in 3Q19 after growing 6.2% y/y in 2Q19.
- In September 2019, economic growth was 7.5% y/y in Armenia, 5.2% y/y in Georgia, 4.1% y/y in Kazakhstan and 2.9% y/y in Russia, based on preliminary data. In 9M19, growth was 3.8% y/y in Ukraine, 2.5% y/y in Azerbaijan and 1.0% y/y in Belarus.
- In October 2019, annual inflation was above the target level in Belarus (5.3%), Ukraine (6.5%), Georgia (6.9%) and Turkey (8.6%); inflation was below the target in Armenia (0.9%) and in Russia (3.8%), while it was within the target range in Kazakhstan (5.5%). Annual inflation was 2.7% in Azerbaijan in October 2019.
- In October 2019, monetary policy rate increased by 100 basis points to 8.5% in Georgia, while it reduced by 25 basis points to 7.75% in Azerbaijan, by 50 basis points to 6.5% in Russia, by 100 basis points to 15.5% in Ukraine, by 250 basis points to 14.0% in Turkey and has remained unchanged in other countries.

GDP growth rate, y/y



Source: Statistics Offices

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%	6.0%	4.8%	12.4	13.4	14.1	4,188	4,528	4,759	2.5%	1.7%	2.5%	-1.8%	-1.5%	-2.2%	-9.4%	-7.4%	-7.4%
Azerbaijan	1.0%	2.7%	2.1%	46.9	47.2	48.0	4,722	4,689	4,719	2.3%	2.8%	3.0%	5.6%	5.3%	3.2%	12.9%	9.7%	10.0%
Belarus	3.1%	1.5%	0.3%	59.6	62.6	63.6	6,283	6,604	6,744	4.9%	5.4%	4.8%	2.4%	-1.3%	-4.2%	-0.4%	-0.9%	-3.4%
Georgia	4.8%	4.5%	4.7%	17.6	17.4	18.8	4,722	4,674	5,062	2.6%	4.9%	2.9%	-0.7%	-2.1%	-2.4%	-6.8%	-4.8%	-5.3%
Kazakhstan	4.1%	3.8%	3.9%	172.9	170.3	182.6	9,401	9,139	9,672	6.0%	5.3%	5.2%	2.7%	0.4%	0.0%	0.0%	-1.2%	-1.5%
Ukraine	3.3%	3.0%	3.0%	130.9	150.4	161.9	3,113	3,592	3,882	10.9%	8.7%	5.9%	-2.2%	-2.3%	-2.3%	-3.4%	-2.8%	-3.5%
Russia	2.3%	1.1%	1.9%	1,657.3	1,637.9	1,657.5	11,289	11,163	11,305	2.9%	4.7%	3.5%	2.9%	1.0%	0.1%	6.8%	5.7%	3.9%
Turkey	2.8%	0.2%	3.0%	771.3	743.7	813.8	9,405	8,958	9,684	16.3%	15.7%	12.6%	-3.1%	-4.6%	-4.7%	-3.5%	-0.6%	-0.9%

Source: IMF's World Economic Outlook, October 2019

Note: Georgia's official GDP figures changed from 2010 to 2018 due to the adoption of the SNA 2008 by Geostat. These changes not reflected in IMF statistics yet. Therefore, source for Georgia's numbers is Galt & Taggart.

Sovereign credit ratings

	Fitch			Moody's			S&P		
	LC	FC	Outlook	LC	FC	Outlook	LC	FC	Outlook
Armenia	B+	B+	positive	Ba3	Ba3	stable	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	positive	BBB-	BBB-	stable
Ukraine	B	B	positive	Caa1	Caa1	stable	B	B	stable
Russia	BBB	BBB	stable	Baa3	Baa3	stable	BBB	BBB-	stable
Turkey	BB-	BB-	stable	B1	B1	negative	BB-	B+	stable

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

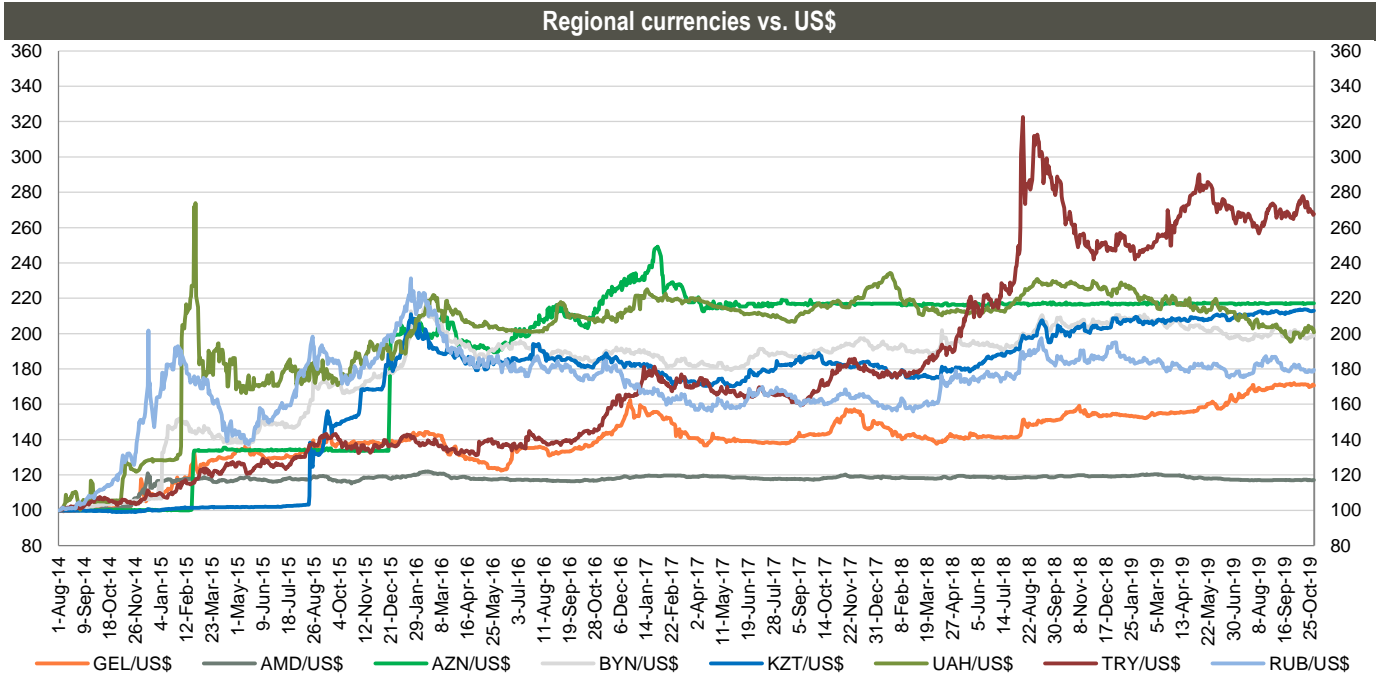
Monetary stance

	Inflation, y/y		MPR
	Oct-19	Oct-19	
Armenia	0.9%	5.50%	
Azerbaijan	2.7%	7.75%	
Belarus	5.3%	9.50%	
Georgia	6.9%	8.50%	
Kazakhstan	5.5%	9.25%	
Ukraine	6.5%	15.5%	
Russia	3.8%	6.50%	
Turkey	8.6%	14.0%	

Source: Central banks, Statistics Offices

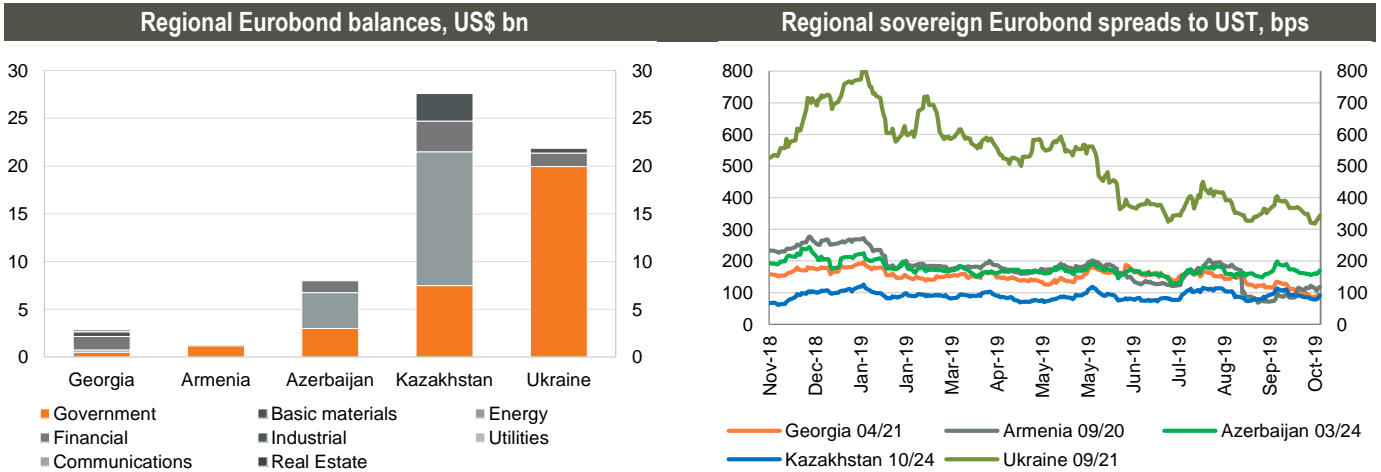


Eurobonds



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

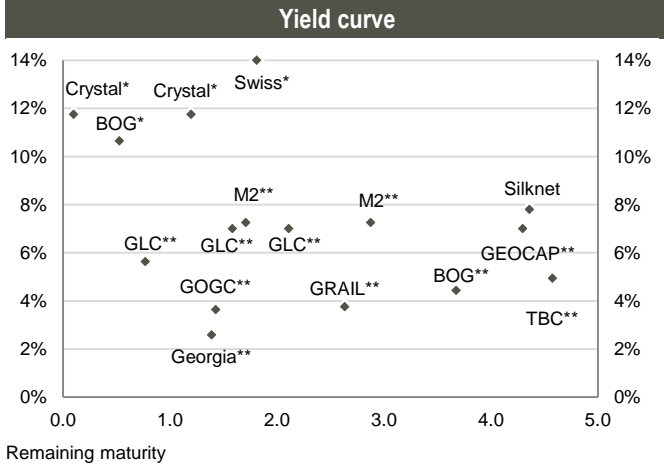


Source: Bloomberg

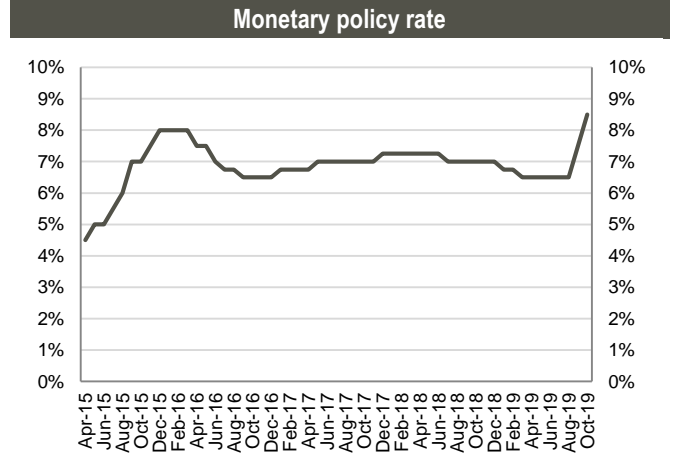
Note: Local currency bonds are not included except for Georgia

Source: Bloomberg

Snapshot: Georgia

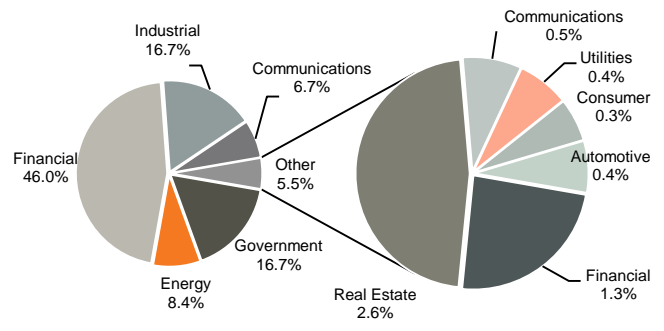


Remaining maturity
*In GEL; **In US\$
Source: Bloomberg, Galt & Taggart



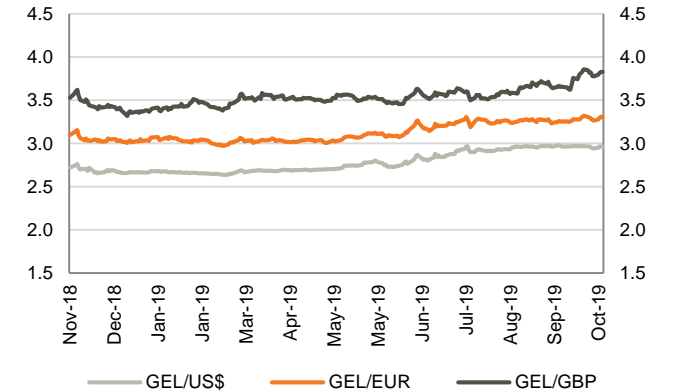
Source: National Bank of Georgia

Bond universe by sector (US\$ 3.0bn total)



Source: Bloomberg

Foreign exchange rates



Source: Bloomberg

Bond performance

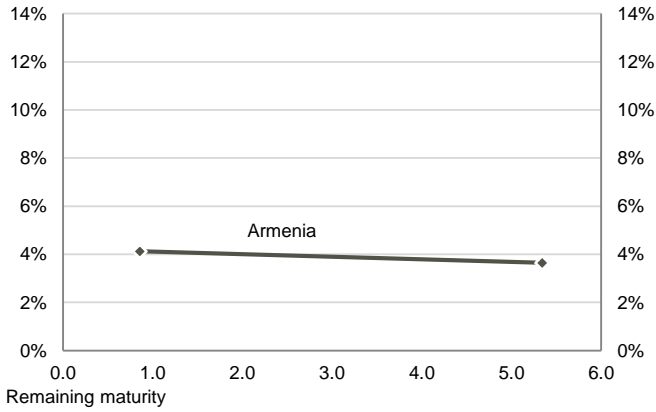
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's/Scope)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Georgia	US\$	Government	GEORG	Apr-21	6.88%	BB/BB-/Ba2/-	500	105.76	2.59	London
Georgian Railway	US\$	Industrial	GRAIL	Jul-22	7.75%	BB-/B+/-/-	500	109.88	3.76	London
Georgian Oil & Gas Corp	US\$	Energy	GEOROG	Apr-21	6.75%	BB/B+/-/-	250	104.26	3.63	London
Bank Of Georgia	GEL	Financial	GEBGG	Jun-20	11.00%	BB-/-/Ba2/-	500	100.17	10.65	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	Jul-23	6.00%	BB-/-/Ba2/-	350	105.26	4.43	Dublin
Bank Of Georgia	US\$	Financial	GEBGG	N/A	11.13%	B-/-/-	100	104.48	10.12	Dublin
Georgia Capital	US\$	Financial	GEOCAP	Mar-24	6.13%	-/B+/B2/-	300	96.80	7.00	Dublin
Silknet	US\$	Communications	SILNET	Apr-24	11.00%	B+/-/B1/-	200	111.59	7.80	Dublin
TBC Bank	US\$	Financial	TBCBGE	Jun-24	5.75%	BB-/-/Ba2/-	300	103.27	4.94	Dublin
TBC Bank	US\$	Financial	TBCBGE	N/A	10.78%	B-/-/-	125	102.25	10.45	Dublin
GWP	GEL	Utilities	GEWRPW	Dec-21	10.00%	BB-/-/-	30	N/A	N/A	Georgia
M2 Commercial Assets	US\$	Real Estate	\$M2C01L	Dec-21	7.50%	-/-/-	30	100.98	7.00	Georgia
M2 Real Estate	US\$	Real Estate	\$M205M	Oct-22	7.50%	-/-/-	35	100.64	7.25	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC02K	Aug-20	7.00%	B+/-/-	10	101.04	5.63	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC03L	Jun-21	6.50%	B+/-/-	5	99.25	7.00	Georgia
Georgian Leasing Co	US\$	Financial	\$GLC04L	Aug-21	7.50%	B+/-/-	10	100.62	7.25	Georgia
Nikora Trade	GEL	Consumer	#NKR02L	Aug-21	10.50%	-/-/B+	25	N/A	N/A	Georgia
Silknet	GEL	Communications	#SLK01M	Aug-22	10.00%	B+/-/B1/-	34	N/A	N/A	Georgia
MFO Crystal	GEL	Financial	#CRS01J	Dec-19	11.00%	B/-/-	10	100.14	11.75	Georgia
MFO Crystal	GEL	Financial	#CRS02L	Feb-21	10.50%	B/-/-	15	100.84	11.75	Georgia
MFO Swiss Capital	GEL	Financial	N/A	Sep-21	12.75%	B-/-/-	10	101.57	14.00	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
Tegeta 04/22	GEL	Automotive	N/A	Apr-22	10.75%	-/-/BB-	30	N/A	N/A	N/A

Source: Bloomberg, Galt & Taggart



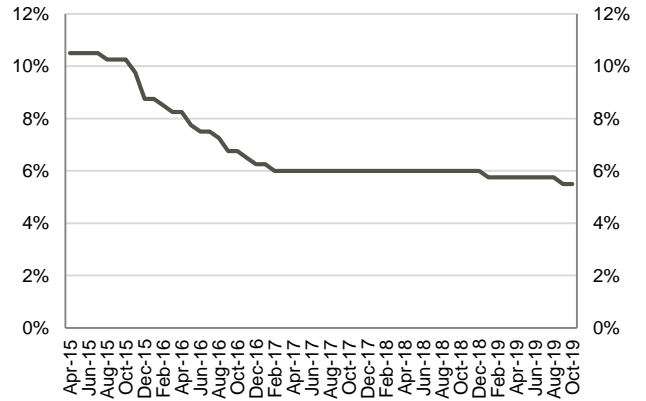
Snapshot: Armenia

Yield curve



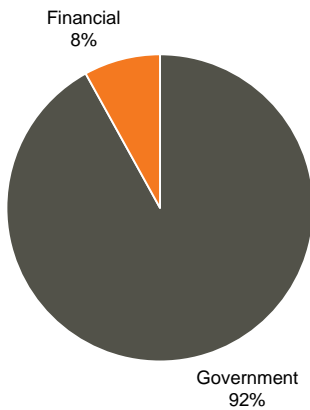
Source: Bloomberg

Monetary policy rate



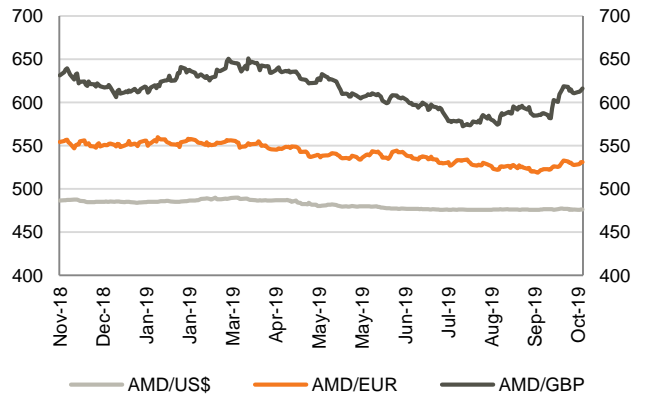
Source: Central Bank of Armenia

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



Source: Bloomberg
Note: Local currency bonds not included

Foreign exchange rates



Source: Bloomberg

Bond performance

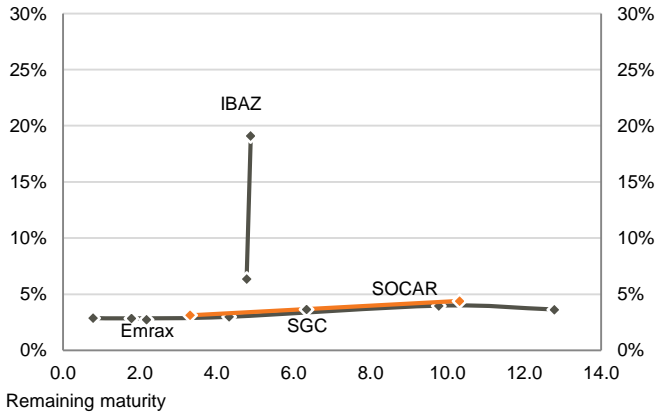
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Armenia	USD	Government	ARMEN	Sep-20	6.00%	B+/-/B1	700	102.52	2.95	Dublin
Republic Of Armenia	USD	Government	ARMEN	Mar-25	7.15%	B+/-/B1	500	116.84	3.64	Dublin
Ardshininvestbk	USD	Financial	ARBANK	Jul-20	12.00%	B+/-/B1	100	N/A	N/A	Dublin
Armswissbank	USD	Financial	ARMSWI	Apr-20	8.50%	-/-	5	N/A	N/A	Armenia

Source: Bloomberg
Note: Local currency bonds not included



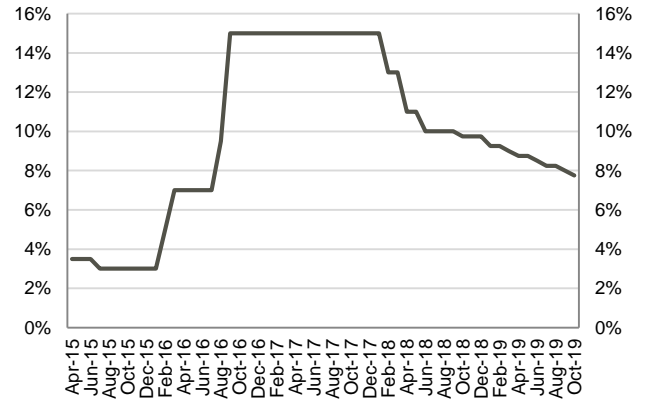
Snapshot: Azerbaijan

Yield curve



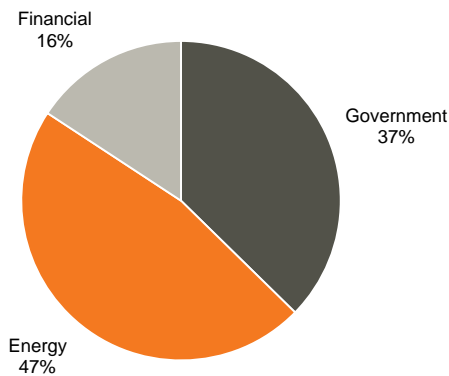
Source: Bloomberg

Monetary policy rate



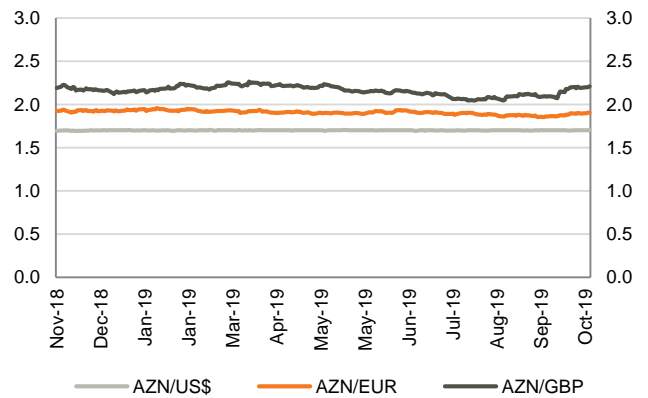
Source: Central Bank of Azerbaijan

Bond universe by sector (US\$ 8.0bn total)



Source: Bloomberg
Note: Local currency bonds not included

Foreign exchange rates



Source: Bloomberg

Bond performance

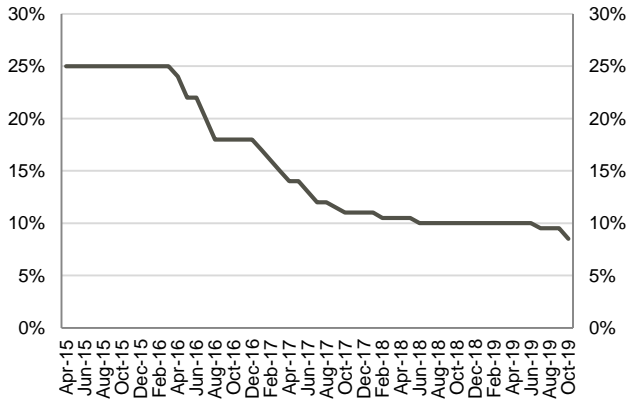
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-20	2.82%	BB+/-/Ba2	174	99.96	2.87	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-21	2.82%	BB+/-/Ba2	174	99.95	2.85	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Mar-24	4.75%	BB+/-/Ba2	1,250	107.09	2.98	Stuttgart
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-29	5.13%	BB+/-/Ba2	311	109.27	3.97	Not Listed
Republic Of Azerbaijan	USD	Government	AZERBJ	Sep-32	3.50%	BB+/-/Ba2	1,077	98.69	3.63	Not Listed
Southern Gas Corridor	USD	Energy	SGCAZE	Mar-26	6.88%	BB+/-/Ba2	2,000	118.07	3.65	Dublin
SOCAR	USD	Energy	SOIAZ	Mar-23	4.75%	BB+/BB-/Ba2	1,000	105.05	3.12	London
SOCAR	USD	Energy	SOIAZ	Mar-30	6.95%	BB+/BB-/NR	750	121.01	4.39	London
Emraxbank	USD	Financial	EMRXAZ	Jan-22	9.00%	-/-	10	113.05	2.74	Baku
IBAZ	USD	Financial	IBAZAZ	Sep-24	3.50%	B-/-	1,000	88.39	6.36	Not Listed
IBAZ	USD	Financial	IBAZAZ	Oct-24	8.25%	-/WR	250	63.36	19.11	Dublin

Source: Bloomberg
Note: Local currency bonds not included



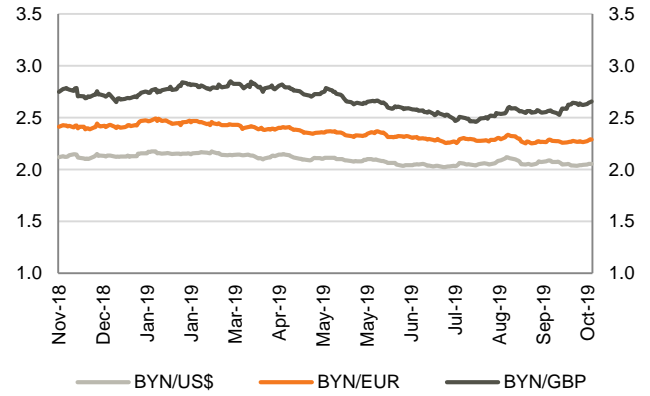
Snapshot: Belarus

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)	Mid price	YTM Mid	Exchange
Republic Of Belarus	USD	Government	BELRUS	Feb-23	6.88%	B/B/B3	800	107.10	4.50	Dublin
Republic Of Belarus	USD	Government	BELRUS	Jun-27	7.63%	B/B/B3	600	114.34	5.30	Dublin
Republic Of Belarus	USD	Government	BELRUS	Feb-30	6.20%	B/B/B3	600	106.57	5.36	Dublin

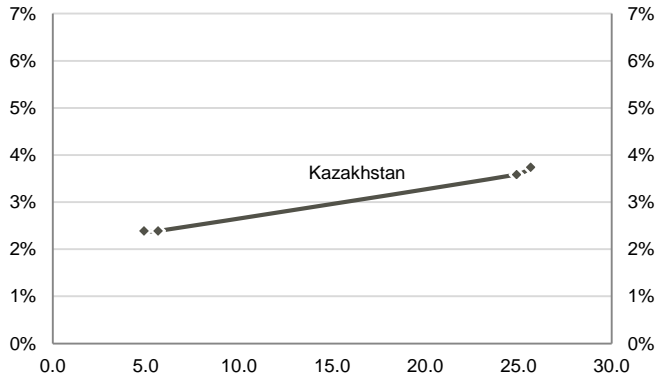
Source: Bloomberg

Note: Local currency bonds not included



Snapshot: Kazakhstan

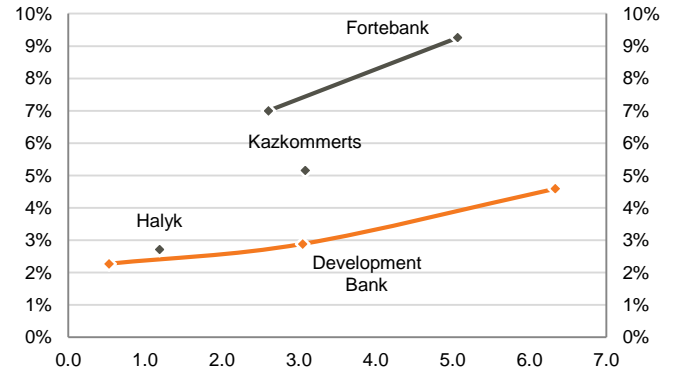
Yield curve (sovereign)



Remaining maturity

Source: Bloomberg

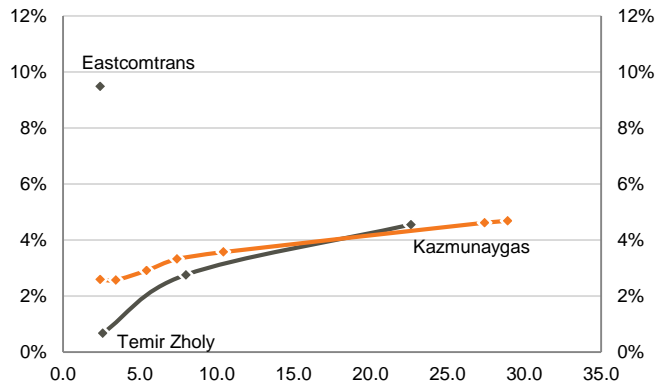
Yield curve (banks)



Remaining maturity

Source: Bloomberg

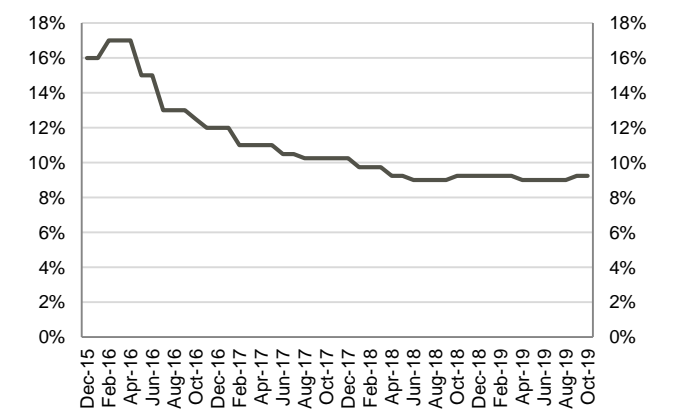
Yield curve (other sectors)



Remaining maturity

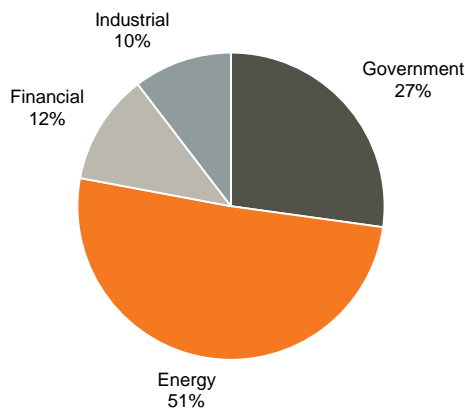
Source: Bloomberg

Monetary policy rate



Source: National Bank of Kazakhstan

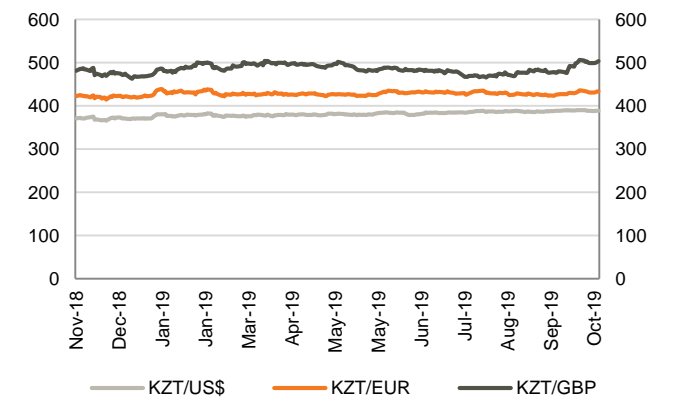
Bond universe by sector (US\$ 27.6bn total)



Source: Bloomberg

Note: Local currency bonds not included

Foreign exchange rates



Source: Bloomberg

Bond performance

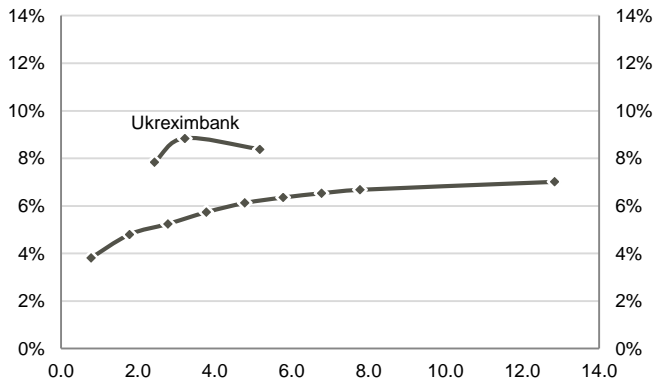
Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Republic Of Kazakhstan	USD	Government	KZAKS	Oct-24	3.88%	BBB/BBB-/Baa3	1,500	106.82	2.39	London
Republic Of Kazakhstan	USD	Government	KZAKS	Jul-25	5.13%	BBB/BBB-/Baa3	2,500	114.38	2.39	London
Republic Of Kazakhstan	USD	Government	KZAKS	Oct-44	4.88%	BBB/BBB-/Baa3	1,000	121.07	3.59	London
Republic Of Kazakhstan	USD	Government	KZAKS	Jul-45	6.50%	BBB/BBB-/Baa3	1,500	145.27	3.74	London
Kazagro Natl Mgmt Hldg	USD	Government	KAZNMH	May-23	4.63%	WD/NR/WR	1,000	N/A	N/A	Dublin
Kazmunaygas National Co	USD	Energy	KZOKZ	May-20	7.00%	WD/BB/WR	1,500	N/A	N/A	Frankfurt
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-21	6.38%	WD/BB/WR	1,250	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-22	3.88%	BBB-/BB/Baa3	500	102.96	2.59	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-23	4.40%	BBB-/BB/Baa3	1,000	105.95	2.57	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-25	4.75%	BBB-/BB/Baa3	500	109.14	2.91	London
Kazmunaygas National Co	USD	Energy	KZOKZ	May-25	4.88%	BBB-/BB/Baa3	500	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-27	4.75%	BBB-/BB/Baa3	1,000	109.29	3.32	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-30	5.38%	BBB-/BB/Baa3	1,250	115.56	3.57	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-43	5.75%	WD/BB/WR	2,000	N/A	N/A	Kazakhstan
Kazmunaygas National Co	USD	Energy	KZOKZ	Nov-44	6.00%	WD/NR/WR	1,000	N/A	N/A	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Apr-47	5.75%	BBB-/BB/Baa3	1,250	117.45	4.62	London
Kazmunaygas National Co	USD	Energy	KZOKZ	Oct-48	6.38%	BBB-/BB/Baa3	1,500	126.64	4.68	London
Kaztransgas	USD	Energy	KZTGKZ	Sep-27	4.38%	BBB-/BB/Baa3	750	105.08	3.62	Dublin
Development Bank Of Kaz.	USD	Financial	DBKAZ	Jun-20	6.50%	BBB-/BB+/Baa3	100	102.17	2.27	Kazakhstan
Development Bank Of Kaz.	USD	Financial	DBKAZ	Dec-22	4.13%	BBB-/BB+/Baa3	1,425	103.58	2.88	London
Development Bank Of Kaz.	USD	Financial	DBKAZ	Mar-26	6.00%	BBB-/BB+/Baa3	150	107.65	4.59	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Jun-22	14.00%	NR/B+/-	61	116.34	7.00	Kazakhstan
Fortebank	USD	Financial	ALLIBK	Dec-24	11.75%	B/B+/-	237	109.85	9.26	Kazakhstan
Halyk Savings Bank-Kaz.	USD	Financial	HSBKKZ	Jan-21	7.25%	BB/BB/Baa3	500	105.19	2.71	London
Halyk Bank	USD	Financial	HSBKKZ	Dec-22	5.50%	BB/BB/-	750	100.97	5.15	Kazakhstan
Eastcomtrans Llp	USD	Industrial	EASTCM	Apr-22	8.00%	WD/-/B3	100	96.85	9.49	London
Kazakhstan Temir Zholy	USD	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	107.51	0.67	Zurich
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Nov-27	4.85%	BBB-/BB/Baa3	780	114.89	2.76	Dublin
Kazakhstan Temir Zholy	USD	Industrial	KTZKZ	Jul-42	6.95%	BBB-/BB/Baa3	1,100	133.71	4.55	London

Source: Bloomberg

Note: Local currency bonds not included

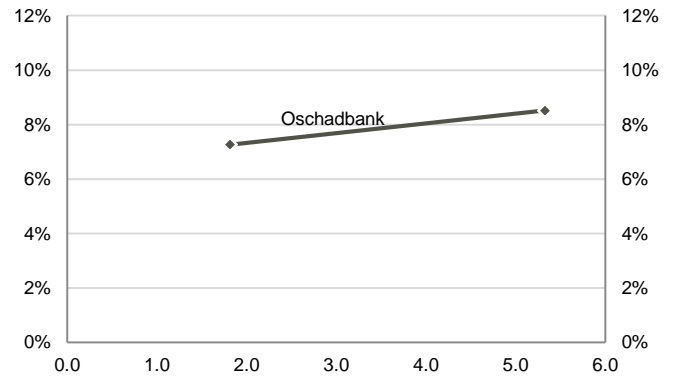
Snapshot: Ukraine

Yield curve (sovereign)



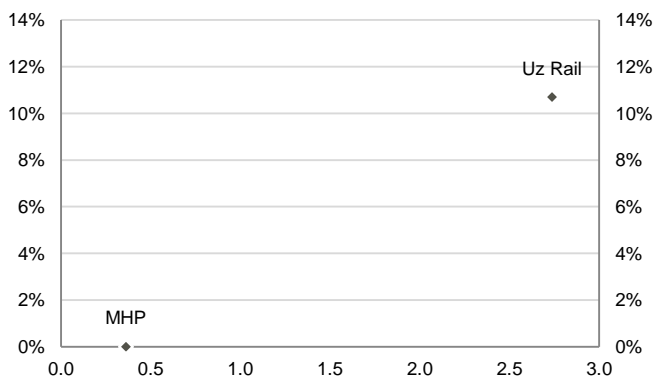
Remaining maturity
Source: Bloomberg

Yield curve (banks)



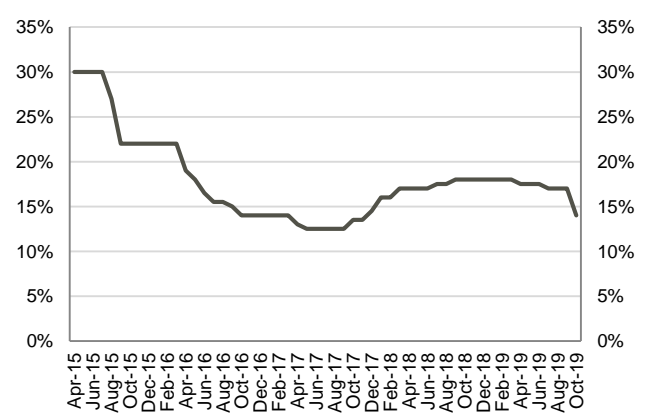
Remaining maturity
Source: Bloomberg

Yield curve (other sectors)



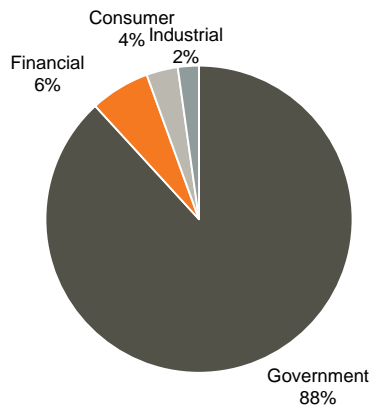
Remaining maturity
Source: Bloomberg

Monetary policy rate



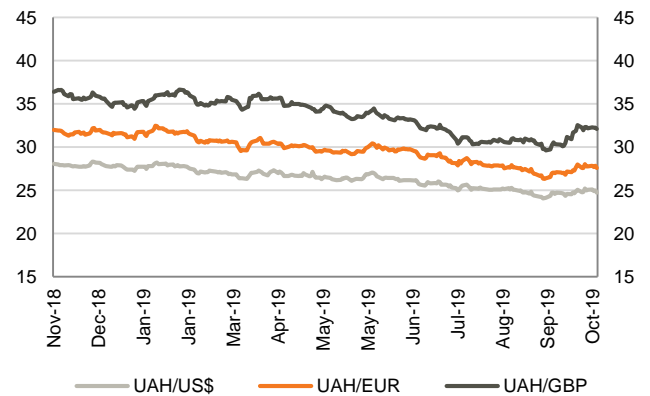
Source: National Bank of Ukraine

Bond universe by sector (US\$ 22.6bn total)



Source: Bloomberg
Note: Local currency bonds not included

Foreign exchange rates



Source: Bloomberg

Bond performance

Issuer	Currency	Sector	Ticker	Maturity	Coupon	Issue Ratings (Fitch/S&P/Moody's)	Size (Currency mn)	Mid price	YTM Mid	Exchange
Ukraine Government	USD	Government	UKRAIN	Sep-20	7.75%	B-/B-/Caa1	1,780	102.93	3.81	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-21	7.75%	B-/B-/Caa1	1,409	104.92	4.80	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-22	7.75%	B-/B-/Caa1	1,384	106.36	5.24	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-23	7.75%	B-/B-/Caa1	1,355	106.71	5.74	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-24	7.75%	B-/B-/Caa1	1,339	106.61	6.13	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-25	7.75%	B-/B-/Caa1	1,329	106.62	6.36	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-26	7.75%	B-/B-/Caa1	1,318	106.53	6.54	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-27	7.75%	B-/B-/Caa1	1,307	106.38	6.68	Dublin
Ukraine Government	USD	Government	UKRAIN	Sep-32	7.38%	B-/B/-	3,000	102.99	7.02	Dublin
Ukraine Government	USD	Government	UKRAIN	May-40	0.00%	-/B/-	3,239	92.60	N/A	Dublin
Aid-Ukraine	USD	Government	AID	Sep-21	1.47%	-/-	1,000	99.68	1.65	Frankfurt
Ukreximbank	USD	Government	EXIMUK	Apr-22	9.63%	B-/Caa1	750	103.85	7.84	Dublin
Ukreximbank	USD	Government	EXIMUK	Feb-23	9.77%	CCC-/Caa2	125	100.13	8.84	Dublin
Ukreximbank	USD	Government	EXIMUK	Jan-25	9.75%	B-/Caa1	600	105.61	8.38	Dublin
MHP	USD	Consumer	MHPSA	Apr-20	8.25%	B/B/-	750	N/A	N/A	Dublin
Privatbank	USD	Financial	PRBANK	Feb-21	11.00%	-/-	220	N/A	N/A	Zurich
Oschadbank	USD	Financial	OSCHAD	Mar-23	9.38%	B-/Caa1	700	104.48	7.80	Dublin
Oschadbank	USD	Financial	OSCHAD	Mar-25	9.63%	B-/Caa1	500	104.63	8.52	Dublin
Uz Rail Via Shortline	USD	Industrial	RAILUA	Sep-21	9.88%	B-/B/-	500	104.31	7.27	Dublin

Source: Bloomberg

Note: Local currency bonds not included



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