



# Weekly Market Watch

Weekly Market Watch | Georgia  
September 6, 2021

## Economy

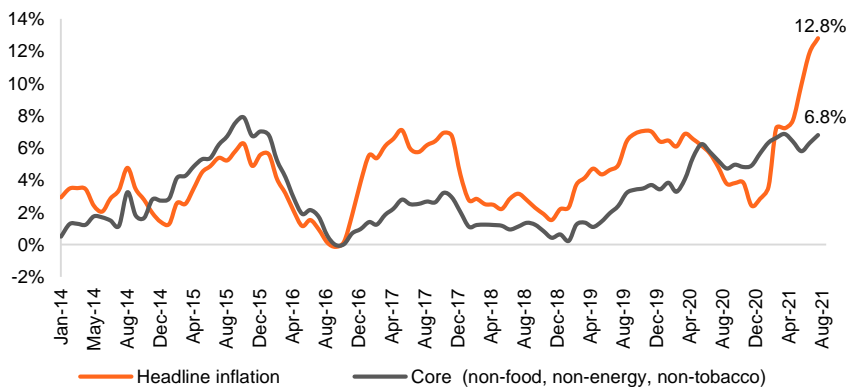
### Real GDP growth came in at 9.9% y/y in July 2021

Georgia's economy grew by 9.9% y/y in July 2021, after growing by 18.7% y/y in previous month, based on Geostat's rapid estimates. Notably, real GDP of July 2021 was also up by 3.9% compared to July 2019 level. Overall, in 7M21, real GDP growth was 12.2% y/y (+5.4% compared to 7M19). In July, growth was broad-based with economic activity up in financial and insurance, manufacturing, hotels & restaurants, transport and trade sectors. Meanwhile, growth was down in construction and mining sectors. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics.

### Inflation was 12.8% y/y and 0.7% m/m in August 2021

Annual CPI inflation came in at 12.8% in August 2021, after a 11.9% inflation in previous month, according to Geostat. Core inflation (non-food, non-energy) was 6.7% and core inflation excluding tobacco was 6.8% in August. By categories, annual inflation was mainly driven by price changes in food and non-alcoholic beverages (+16.2% y/y, +5.09ppts), transport (+22.5% y/y, +2.69ppts), housing, water, electricity, gas and other fuels (+11.6% y/y, +1.75ppts), health (+10.9% y/y, +0.85ppts), furnishings, household equipment and maintenance (+12.6% y/y, +0.68ppts) and alcoholic beverages and tobacco (+7.1% y/y, +0.45ppts) categories. On a monthly basis, there was a 0.7% inflation in August 2021, reflecting price increase in food and non-alcoholic beverages (+1.4% y/y, +0.45ppts) category.

**Inflation in Georgia**



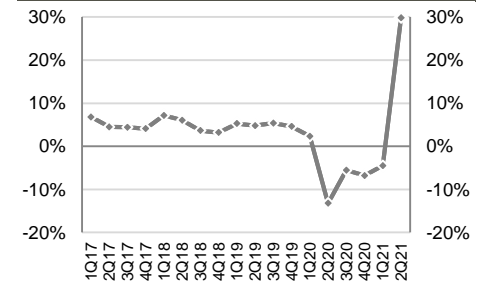
Source: Geostat

### Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.5%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

### Real GDP growth, %



Source: Geostat

### International ranking, 2019-21

- 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

<p><b>BB</b> Negative Affirmed Aug-2021</p>	<p><b>Ba2</b> Stable Affirmed May-2021</p>	<p><b>BB</b> Stable Affirmed Aug-2021</p>
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Source: Rating agencies

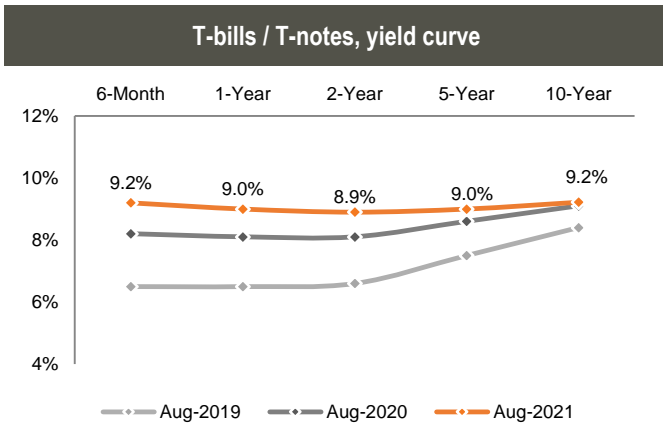
# Money market

**Ministry of Finance T-Bills:** There was no treasury security auction last week. The nearest treasury security auction is scheduled for September 7, 2021, where GEL 15.0mn nominal value 6-month T-bills and GEL 20.0mn nominal value 2-year Benchmark bonds will be sold.

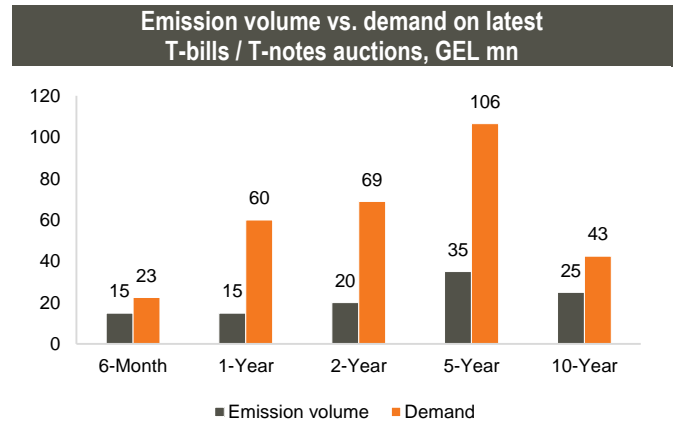
## T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	90	60	75
1-year	90	60	325
2-year	120	80	940
5-year	295	140	2,448
10-year	69	25	1,306
<b>Total</b>	<b>664</b>	<b>365</b>	<b>5,093</b>

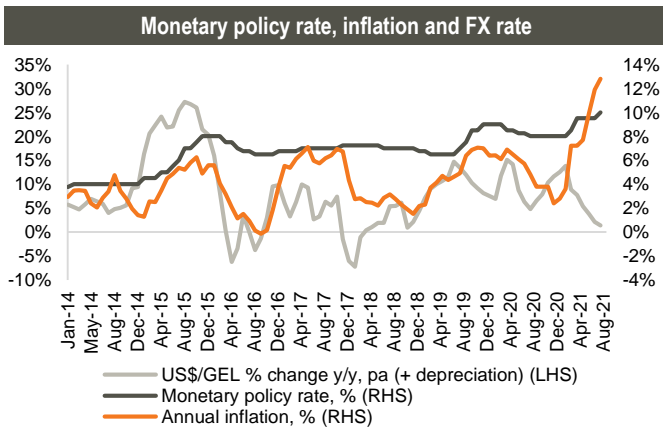
Source: MoF  
Note: \* As of 31 July 2021



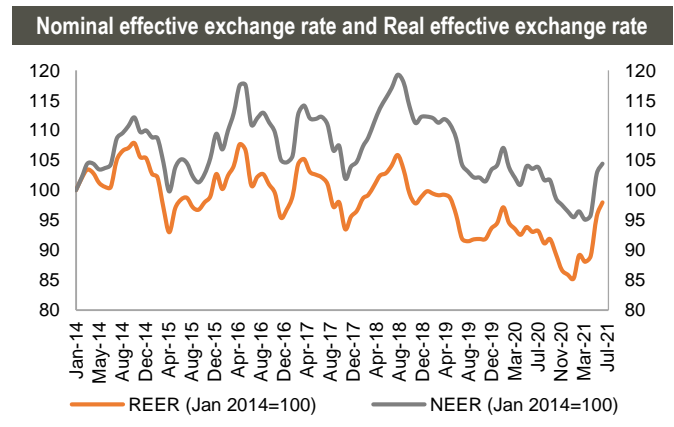
Source: NBG



Source: NBG



Source: NBG, Geostat



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



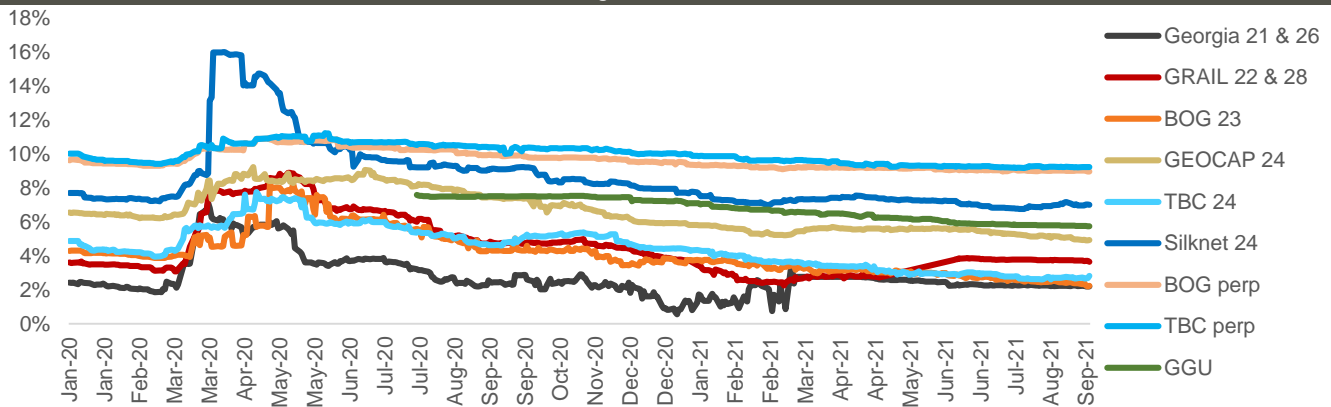
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 2.22% yield, trading at 106.92 (+0.20% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.79 (+0.04% w/w), yielding 4.93%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 102.07 (+0.43% w/w), yielding 3.65%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 102.42 (+0.05% w/w) at 2.20% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

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	
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	102.42	2.20	139.37	
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	102.07	3.65	260.77	
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.92	2.22	195.26	
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.76	8.96	638.47	
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	102.79	4.93	452.89	
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.27	6.99	383.61	
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	107.79	2.82	235.65	
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.44	9.21	642.93	
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.94	5.73	390.47	
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/Ba2	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+/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	

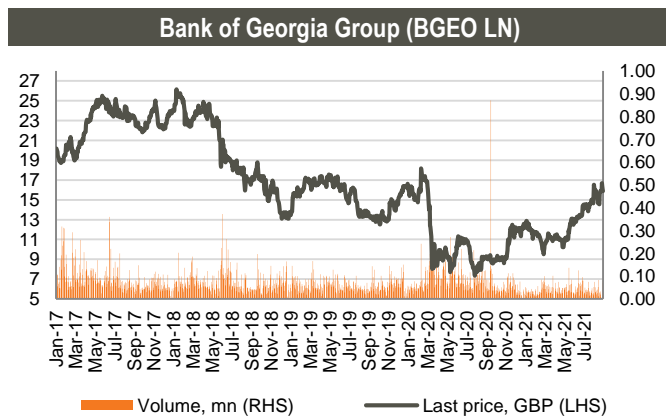
Source: Bloomberg

## Equities

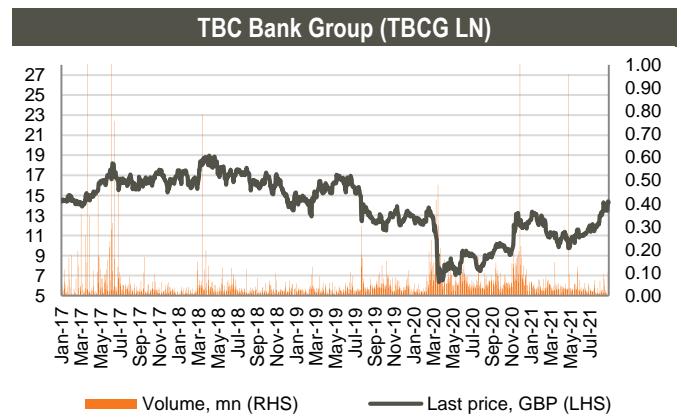
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 15.88/share (unchanged w/w and +7.73% m/m). More than 182k shares traded in the range of GBP 15.88 - 16.92/share. Average daily traded volume was 35k in the last 4 weeks. The volume of BGEO shares traded was at 0.37% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 6.23/share (-0.48% w/w and -0.32% m/m). More than 639k shares traded in the range of GBP 6.12 - 6.30/share. Average daily traded volume was 108k in the last 4 weeks. The volume of CGEO shares traded was at 1.34% of its capitalization.

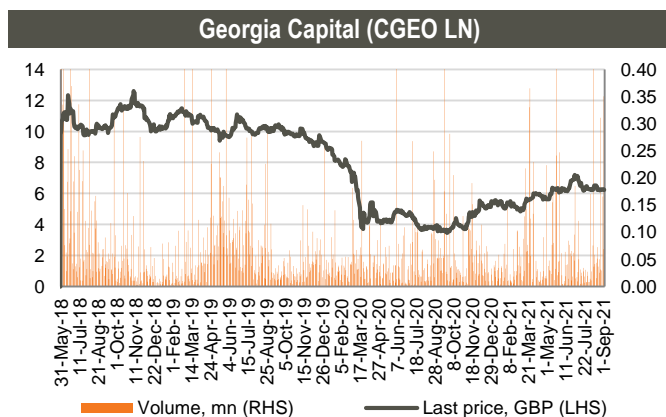
**TBC Bank Group (TBCG LN)** closed the week at GBP 14.26/share (+5.94% w/w and +18.24% m/m). More than 158k shares changed hands in the range of GBP 13.56 - 14.48/share. Average daily traded volume was 29k in the last 4 weeks. The volume of TBCG shares traded was at 0.29% of its capitalization.



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	
								2021F	2022F	2021F	2022F
Bank of Georgia	BGEO	GBP	15.88	781	61.2%	74.9%	30.2%	5.28x	5.06x	1.07x	0.99x
TBC	TBC	GBP	14.26	787	32.0%	61.7%	14.1%	5.08x	4.83x	0.95x	0.84x
Sberbank	SBER	USD	18.09	97,600	19.0%	56.9%	24.6%	6.44x	6.19x	1.23x	1.11x
Halyk Bank	HSBK	USD	17.32	5,090	33.7%	54.6%	48.7%	4.81x	4.85x	1.23x	1.15x
VTB Bank	VTBR	USD	1.40	9,085	43.9%	58.9%	46.9%	2.78x	3.10x	0.43x	0.40x
Akbank	AKBNK	TRY	5.89	30,628	-5.5%	20.7%	-15.0%	3.57x	2.78x	0.43x	0.38x
Garanti	GARAN	TRY	9.82	41,244	6.9%	45.3%	-5.3%	3.82x	3.23x	0.56x	0.49x
Isbank	ISCTR	TRY	5.69	25,605	-1.6%	13.8%	-18.7%	3.00x	2.25x	0.34x	0.30x
PKO	PKO	PLN	42.82	53,525	38.4%	101.7%	49.1%	11.60x	11.06x	1.20x	1.15x
PEKAO	PEO	PLN	108.00	28,347	48.1%	112.4%	76.8%	14.86x	12.13x	1.08x	1.03x
Millennium	MIL	PLN	6.73	8,158	62.0%	132.7%	105.7%	9.66x	8.96x	1.13x	0.96x
Mbank	MBK	PLN	384.80	16,303	62.2%	109.7%	114.7%	13.01x	11.96x	0.99x	0.93x
BRD	BRD	RON	18.30	12,753	27.4%	51.0%	23.1%	11.16x	10.61x	1.48x	1.33x
Banca Transilvania	TLV	RON	3.01	17,242	38.5%	40.4%	33.6%	10.27x	9.57x	1.66x	1.53x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	7.65x	7.32x	0.60x	0.54x
Komercni	KOMB	CZK	828.00	157,361	21.2%	58.6%	26.0%	15.13x	13.06x	1.31x	1.31x
<b>Mean</b>								<b>8.01x</b>	<b>7.31x</b>	<b>0.98x</b>	<b>0.90x</b>
<b>Median</b>								<b>7.04x</b>	<b>6.76x</b>	<b>1.08x</b>	<b>0.97x</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	
								2021F	2022F	2021F	2022F
Georgia Capital	CGEO	GBP	6.23	298	28.5%	74.8%	15.4%	na	na	na	na
Tinc Comm	TINC	EUR	12.70	462	1.6%	-3.1%	-1.9%	na	na	na	na
Sabancı Holding	SAHOL	TRY	10.27	20,955	-2.7%	31.2%	-10.4%	3.52x	2.97x	0.46x	0.38x
Deutsche Beteiligungs	DBAN	EUR	37.00	557	8.4%	26.2%	18.8%	4.44x	7.55x	1.09x	1.00x
Eurazeo	RF	EUR	86.60	6,843	40.1%	86.6%	56.0%	10.03x	12.84x	1.13x	1.03x
Carlyle Group	CG	USD	49.97	17,718	42.2%	93.1%	58.9%	15.54x	14.10x	5.65x	5.70x
<b>Mean</b>								<b>8.38x</b>	<b>9.36x</b>	<b>2.08x</b>	<b>2.03x</b>
<b>Median</b>								<b>7.23x</b>	<b>10.19x</b>	<b>1.11x</b>	<b>1.01x</b>

Source: Bloomberg, S&P Capital IQ

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