



## Economy

### Exports increased by 31.4% in October 2021

In October 2021, exports hit an all-time high monthly figure of US\$ 411.2mn (up 31.4% y/y and up 28.7% vs. Oct-19), mainly driven by ferro-alloys and fertilizers exports growth. Imports increased by 24.0% y/y to US\$ 904.0mn (down 2.2% vs Oct-19). As a result, the trade deficit growth slowed to 18.3% y/y to US\$ 492.8mn (down 18.5% vs. Oct-19), after a 33.6% y/y growth in previous month.

The top 5 exported commodities were copper (+9.0% y/y), ferro-alloys (+242.4% y/y), cars (+11.7% y/y), wine (+12.4% y/y) and nuts (+6.3% y/y) in Oct-21. A 22.9% of exports were directed to the EU (+55.0% y/y), 46.1% to the CIS (+38.7% y/y) and 31.0% to other countries (+10.4% y/y).

The top 5 imports were petroleum (+65.2% y/y), cars (-23.6% y/y), pharmaceuticals (+83.7% y/y), copper (-2.1% y/y) and gases (+20.8% y/y) in Oct-21.

Overall, in 10M21, trade deficit was up 20.4% y/y (down 2.3% vs 10M19) to US\$ 4.6bn, as exports increased by 24.9% y/y, while imports were up 22.3% y/y.

### Money transfers remain high in October 2021

Money transfers increased by 13.7% y/y to US\$ 206.7mn in October 2021, according to NBG, after growing by 8.8% y/y in previous month. Notably, remittances were also up by 34.9% compared to October 2019 level. From major remitting countries, money transfers increased strongly from Italy (+20.2% y/y, 16.0% of total), Germany (+37.6% y/y, 5.3% of total), USA (+11.6% y/y, 11.5% of total), Israel (+10.9% y/y, 7.4% of total) and Russia (+3.0% y/y, 17.5% of total). Meanwhile, from major remitting countries, money transfers declined from Greece (-2.7% y/y), Turkey (-15.1% y/y) and Ukraine (-33.5% y/y). Overall, in 10M21 remittances stood at US\$ 1.9bn, up 26.1% y/y and up 35.7% vs. 10M19.

### Producer price index up 17.7% y/y in October 2021

Annual PPI for industrial goods was 17.7% in October 2021 up from 16.8% in previous month, according to Geostat. Price changes in manufacturing (+20.3% y/y) and electricity, gas, steam and air conditioning (+12.6% y/y) contributed the most to the overall index change in October.

### Unemployment rate at 19.5% in 3Q21

Unemployment rate stood at 19.5% in 3Q21 (up 2.5ppts y/y and down 2.6ppts m/m). Notably, unemployment rate reduced in 3Q21 for the 1st time after growing during 4Q20-2Q21, however it still exceeds pre-Covid level. Out of employed persons, the share of hired labor increased by 0.7ppts y/y and accounted for 67.3% of total, while share of self-employed persons decreased by 0.7ppts y/y to 32.7% of total. The labor force participation rate (52.8%) exceeds pre-Covid level, meaning that more people are seeking jobs and this also drives unemployment rate higher.

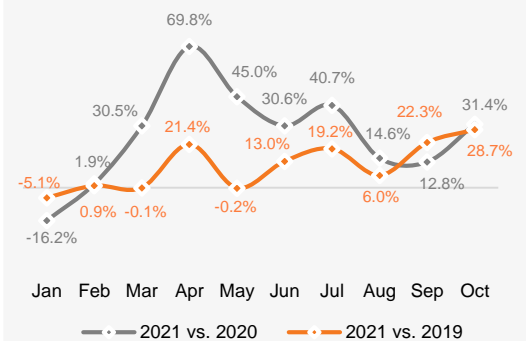
### Key macro indicators

	2019	2020
Real GDP growth (% change)	5.0%	-6.8%
GDP per capita (ppp)	15,634	14,918
GDP per capita (US\$)	4,696	4,256
Population (mn)	3.7	3.7
Inflation (eop)	7.0%	2.4%
Gross reserves (US\$ bn)	3.5	3.9
CAD (% of GDP)	5.5%	12.4%
Fiscal deficit (% of GDP)	2.1%	9.3%
Total public debt (% of DP)	40.4%	60.0%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

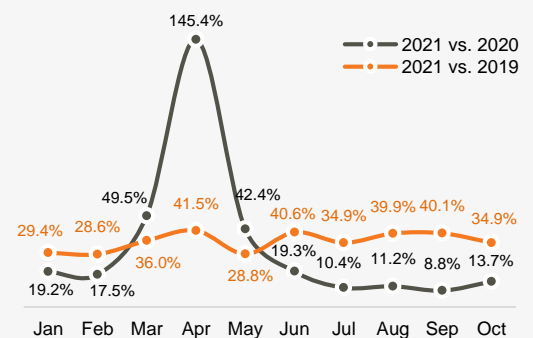
\*Latest sovereign credit ratings

### Exports growth, y/y and vs 2019



Source: Geostat

### Money transfers growth, y/y and vs 2019



Source: NBG

# Money market

**There were no treasury securities auction last week.**

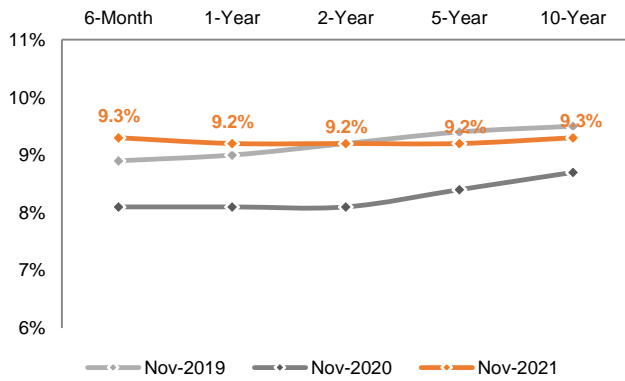
The nearest treasury security auction is scheduled for November 22, 2021, where GEL 85.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	145	20	80
1-year	165	30	235
2-year	240	50	1,033
5-year	415	170	2,533
10-year	94	0	1,331
<b>Total</b>	<b>1,059</b>	<b>270</b>	<b>5,209</b>

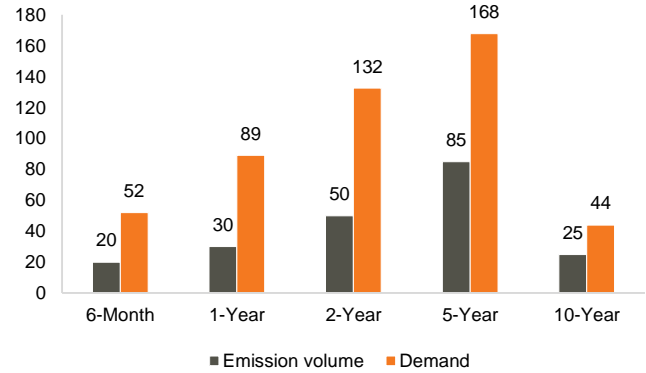
Source: MoF  
\* As of 31 October 2021

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



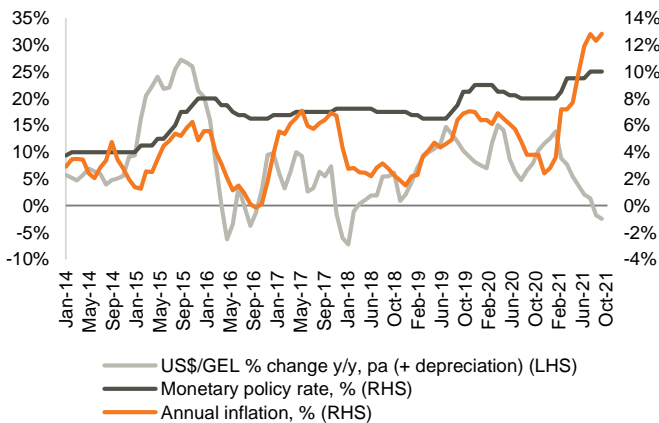
Source: NBG

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



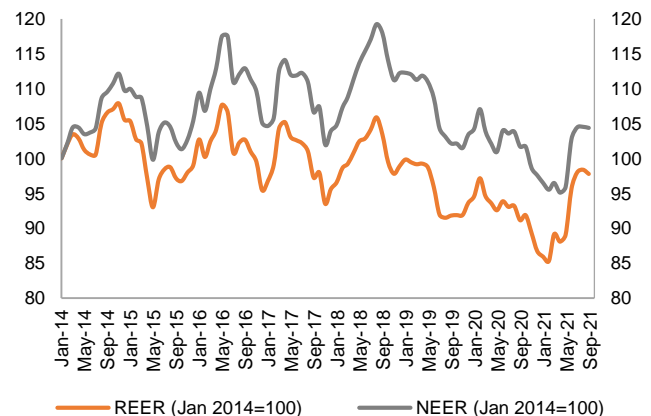
Source: NBG

## Monetary policy rate, inflation and FX rate



Source: NBG

## Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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

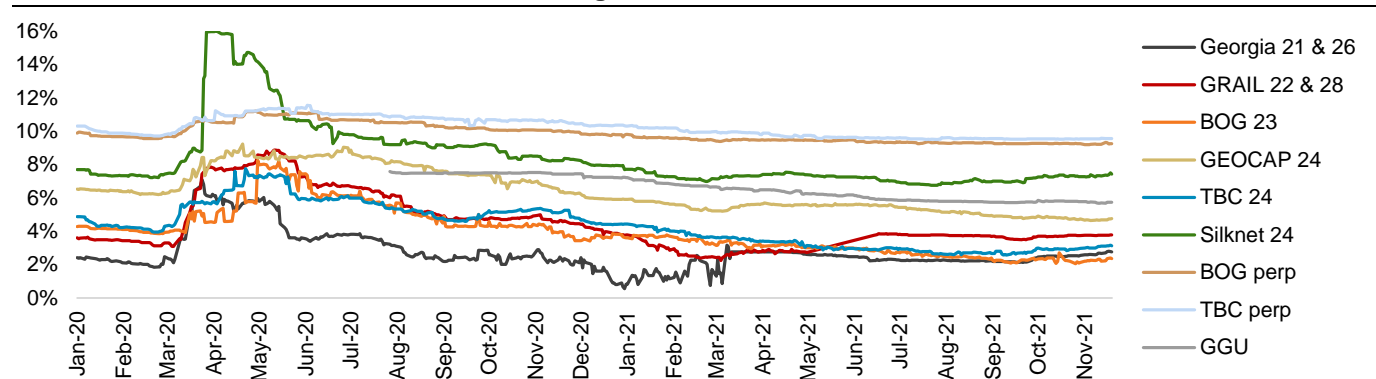
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 2.37% yield, trading at 105.93 (-0.31% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.94 (-0.19% w/w), yielding 4.76%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.25 (-0.12% w/w), yielding 3.78%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 99.97 (-0.34% w/w) at 2.76% yield to maturity.

### Georgian Eurobonds, YTM



Source: Bloomberg

### 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	99.97	2.76	177.99
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.25	3.78	264.68
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	105.93	2.37	196.10
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	110.71	9.24	590.78
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	102.94	4.76	416.15
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	107.59	7.42	469.08
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	106.41	3.14	246.82
TBC PERP	USD	125	10.775%	n/a	B-/-/-	110.22	9.56	605.51
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.60	5.73	344.75

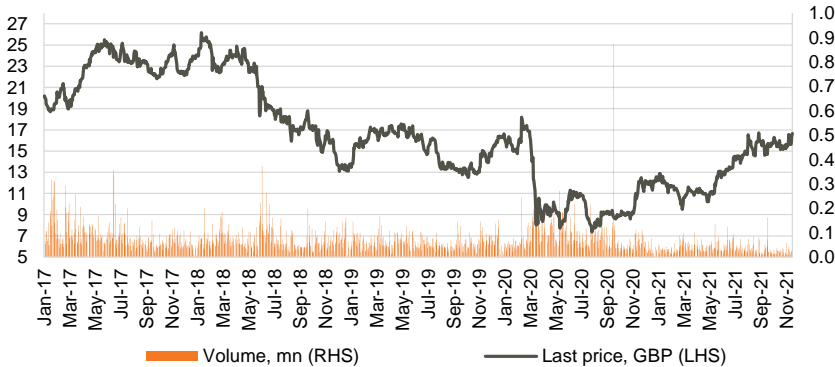
### Georgian local bonds performance

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-/B1	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+/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

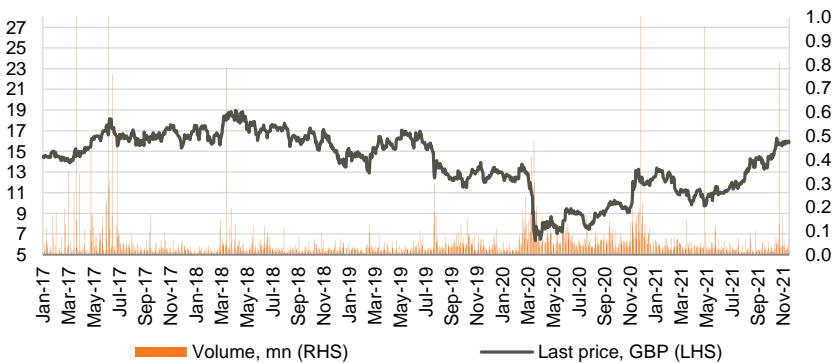
## Bank of Georgia Group (BGEO LN)



**Bank of Georgia Group (BGEO LN)** shares closed at GBP 16.64/share (+4.00% w/w and +4.92% m/m). More than 105k shares traded in the range of GBP 15.32 - 16.64/share. Average daily traded volume was 22k in the last 4 weeks. The volume of BGEO shares traded was at 0.22% of its capitalization.

Source: Bloomberg

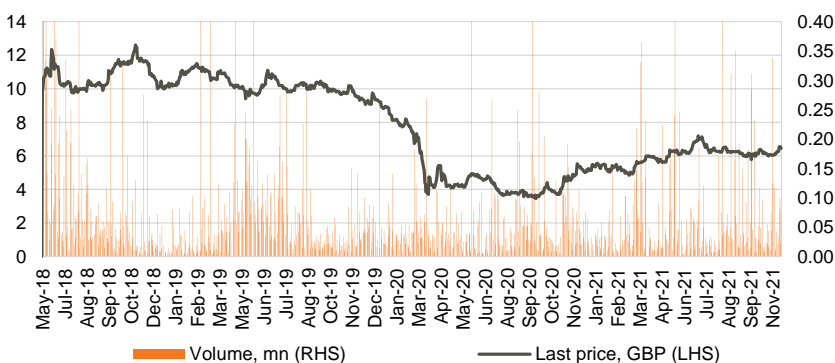
## TBC Bank Group (TBCG LN)



**TBC Bank Group (TBCG LN)** closed the week at GBP 15.86/share (-0.88% w/w and -0.13% m/m). More than 190k shares changed hands in the range of GBP 15.50 - 16.22/share. Average daily traded volume was 87k in the last 4 weeks. The volume of TBCG shares traded was at 0.35% of its capitalization.

Source: Bloomberg

## Georgia Capital (CGEO LN)



**Georgia Capital (CGEO LN)** shares closed at GBP 6.45/share (+3.04% w/w and +4.88% m/m). More than 316k shares traded in the range of GBP 6.25 - 6.64/share. Average daily traded volume was 64k in the last 4 weeks. The volume of CGEO shares traded was at 0.67% of its capitalization.

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	16.64	818	39.8%	37.7%	36.4%	4.85x	5.24x	1.11x	1.02x
TBC	TBC	GBP	15.86	875	49.6%	25.9%	26.9%	5.08x	5.09x	1.02x	0.90x
Halyk Bank	HSBK	US\$	17.70	95,495	10.5%	36.1%	21.9%	5.76x	5.71x	1.20x	1.08x
Sberbank	SBER	USD	17.08	5,019	17.5%	52.5%	46.6%	4.93x	4.66x	1.23x	1.12x
VTB Bank	VTBR	US\$	1.35	8,735	14.6%	47.3%	41.2%	2.64x	2.76x	0.42x	0.38x
Akbank	AKBNK	TRY	7.23	37,596	39.0%	11.7%	4.3%	3.97x	3.22x	0.51x	0.46x
Garanti	GARAN	TRY	12.05	50,610	49.1%	26.6%	16.2%	4.06x	3.51x	0.68x	0.58x
Isbank	ISCTR	TRY	7.14	32,130	38.9%	3.3%	2.0%	3.30x	2.60x	0.42x	0.37x
PKO	PKO	PLN	43.75	54,688	23.9%	63.5%	52.3%	11.56x	10.39x	1.28x	1.18x
PEKAO	PEO	PLN	119.25	31,300	32.5%	113.6%	95.2%	15.00x	11.89x	1.21x	1.14x
Millennium	MIL	PLN	7.80	9,456	77.2%	173.5%	138.4%	10.91x	11.59x	1.22x	1.16x
Mbank	MBK	PLN	516.50	21,883	82.0%	209.3%	188.2%	22.90x	15.41x	1.32x	1.24x
BRD	BRD	RON	18.34	12,781	16.7%	46.5%	23.4%	11.46x	10.80x	1.37x	1.34x
Banca Transilvania	TLV	RON	2.59	16,347	9.2%	36.3%	26.6%	9.14x	8.94x	1.56x	1.45x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	8.27x	7.46x	0.67x	0.59x
Komerčni	KOMB	CZK	893.50	169,809	27.6%	57.3%	36.0%	14.85x	12.83x	1.39x	1.39x
<b>Mean</b>								<b>8.67x</b>	<b>7.63x</b>	<b>1.04x</b>	<b>0.96x</b>
<b>Median</b>								<b>7.01x</b>	<b>6.58x</b>	<b>1.20x</b>	<b>1.10x</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	6.45	306	2.4%	34.8%	19.4%	na	na	na	na
Tinc Comm	TINC	EUR	13.44	489	8.9%	5.0%	3.8%	na	na	na	na
Sabancı Holding	SAHOL	TRY	13.84	28,239	64.2%	26.7%	20.8%	4.66x	3.86x	0.59x	0.51x
Deutsche Beteiligungs	DBAN	EUR	39.80	748	17.4%	27.2%	27.7%	4.07x	10.70x	1.06x	1.01x
Eurazeo	RF	EUR	78.00	6,180	10.6%	50.7%	40.5%	9.13x	11.57x	0.93x	0.92x
Carlyle Group	CG	USD	58.80	20,842	39.9%	111.5%	87.0%	14.30x	14.44x	5.36x	4.54x
<b>Mean</b>								<b>8.04x</b>	<b>10.14x</b>	<b>1.99x</b>	<b>1.75x</b>
<b>Median</b>								<b>6.89x</b>	<b>11.14x</b>	<b>1.00x</b>	<b>0.97x</b>

Source: Bloomberg, S&P Capital IQ

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