



Regional Fixed Income Market Watch

Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, Ukraine, Russia, Turkey, Uzbekistan

Regional | Fixed Income
Monthly
June 3, 2022

Regional sovereign Eurobond market: Risk sentiments improved further on regional Eurobonds in May after spike in yields in Mar-22 triggered by Russia-Ukraine war, followed by some signs of stabilization in Apr-22. ARMENIA 25 was the best performer of the month, with yield decreasing by 30.7bps m/m, while the price increased by 0.8% m/m (please note that bond yields and prices move in opposite direction). It was followed by KAZAKH 25 and AZERB 24, with yields decreasing by 20.4bps and 17.3bps, respectively. TURKEY 26 was the worst performer of the month, with yield widening by 97.3bps.

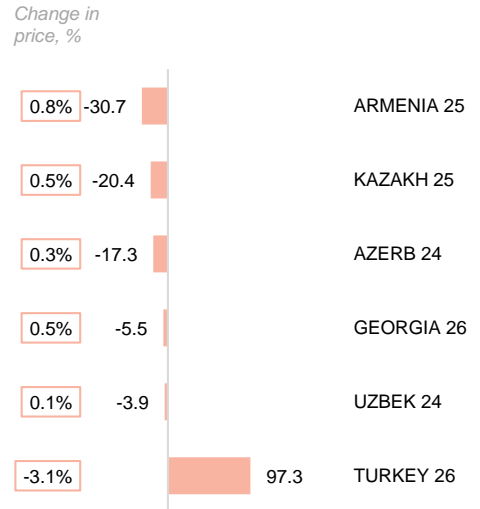
Georgian corporate Eurobond market: Among the Georgian corporate issuers, GEOCAP 24 was the best performer in May-22, with yield declining by 3.7bps m/m. Other bonds saw slight widening in yields, while TBC 24 posted the largest increase in yield at 144.8bps m/m.

FX market: During May-22, most regional currencies strengthened against US dollar. Kazakh tenge (KZT) was the best performer gaining 3.9% m/m vs dollar, followed by Ukrainian hryvnia (UAH) strengthening by 2.0% and Georgian lari (GEL) gaining 1.0%. Meanwhile Turkish lira (TRY) weakened by 10.4%.

Georgia money market: In May-22, GEL 150.0mn treasury notes and GEL 40mn treasury bills were sold. Interest rates reduced on all instruments m/m explained by high demand on government securities. Weighted average interest rate on 5-year notes was 10.397%, on 2-year notes was 10.625%, on 1-year instrument was 10.595%, and stood at 10.878% for 6-month instruments. Notably, non-residents' treasury holdings was flat m/m at GEL 399.1mn, after a 13.7% m/m reduction in Apr-22. As a result, the share of non-residents in total outstanding holdings stood at 6.9% (-0.2ppts m/m) in May-22.

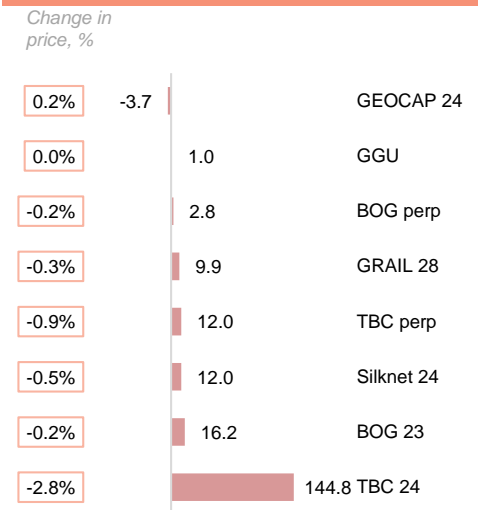
Continued rise in inflation in US and EU keep central bankers signalling rate hikes. On 4 May 2022, the US Fed raised interest rates by 50bps and on the following press-conference the Chairman Jerome Powell said that the Fed would consider further 50bps hikes at the upcoming policy meetings in June and July. ECB officials also signalled that they are now more open to raising rates in the coming months (most likely at July meeting), to make the first rise in more than a decade and accept an end to almost 8 years of negative borrowing costs. Amid inflationary pressures, regional central banks remain hawkish, while Russia continued rate cut to support the economy.

Change in sovereign Eurobond yields in May 2022, bps



Source: Bloomberg, Galt & Taggart

Change in Georgian Corporate Eurobond yields in May 2022, bps



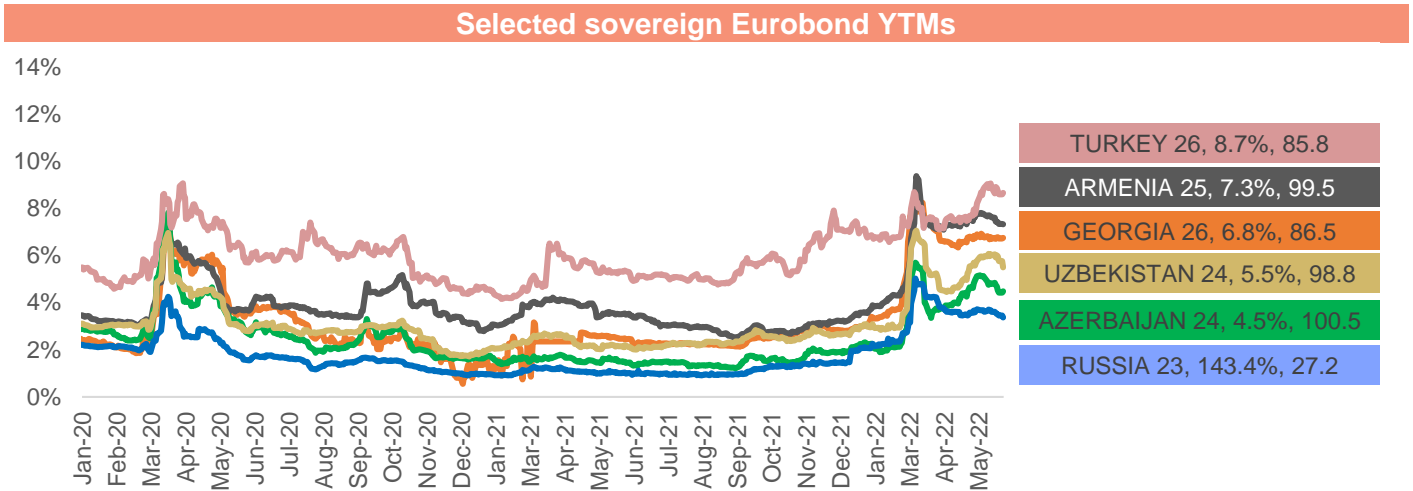
Source: Bloomberg, Galt & Taggart

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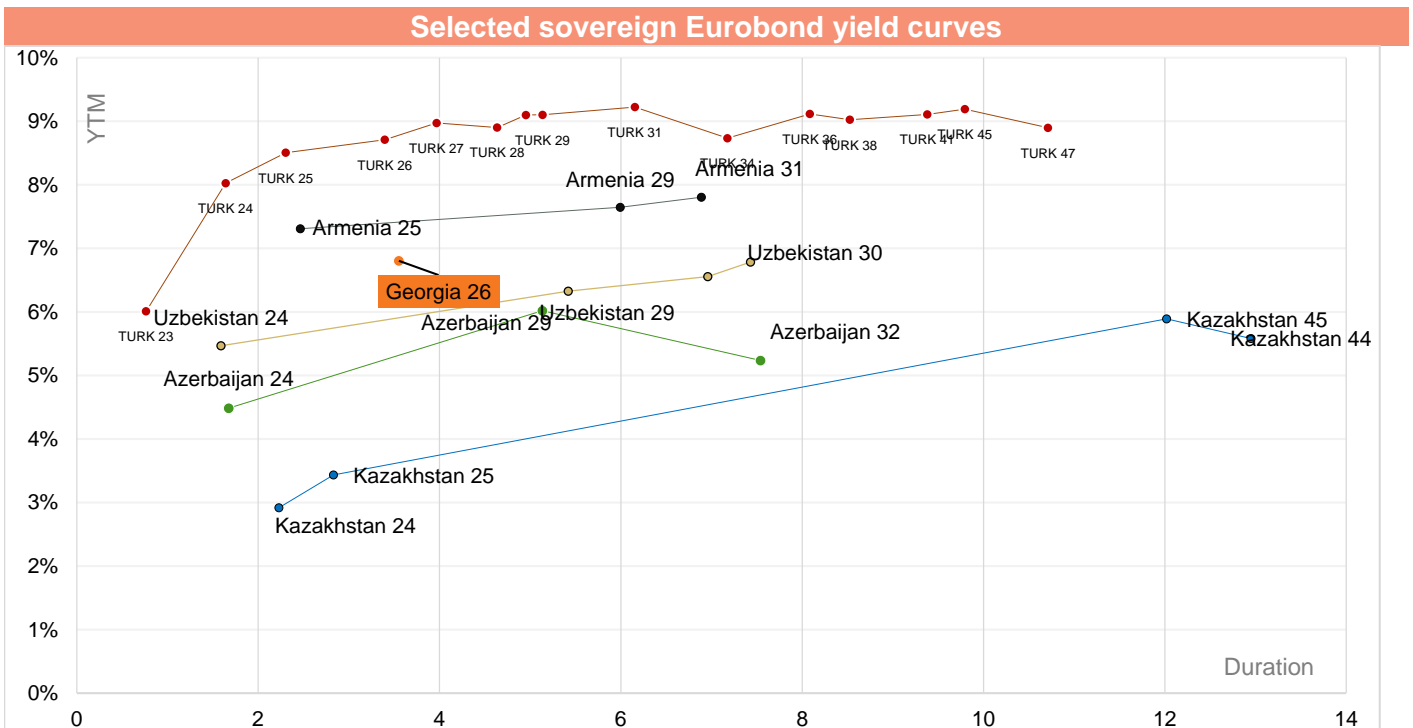
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Sovereign Eurobond yields

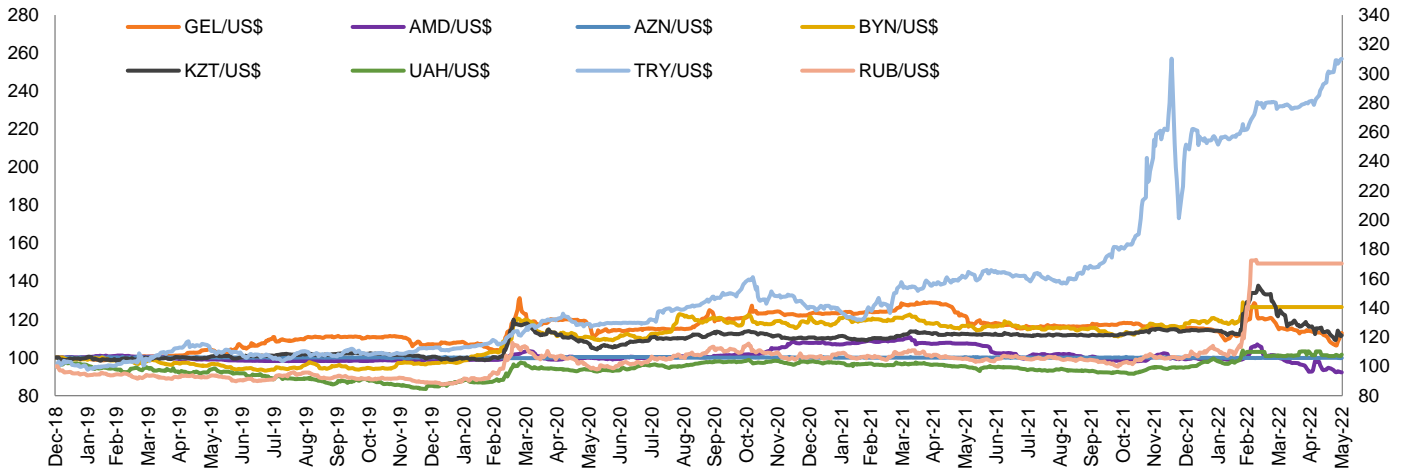


Source: Bloomberg



Source: Bloomberg

Regional currencies vs. US\$



Source: Bloomberg

Central banks' monetary policy rates

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Georgia	9.50%	9.50%	9.50%	9.50%	10.00%	10.00%	10.00%	10.00%	10.50%	10.50%	10.50%	11.00%	11.00%	11.00%
Armenia	5.50%	6.00%	6.50%	6.50%	7.00%	7.25%	7.25%	7.25%	7.75%	7.75%	8.00%	9.25%	9.25%	9.25%
Azerbaijan	6.25%	6.25%	6.25%	6.25%	6.25%	6.50%	7.00%	7.00%	7.25%	7.50%	7.50%	7.75%	7.75%	7.75%
Belarus	8.50%	8.50%	8.50%	9.25%	9.25%	9.25%	9.25%	9.25%	9.25%	9.25%	12.00%	12.00%	12.00%	12.00%
Ukraine	7.50%	7.50%	7.50%	8.00%	8.00%	8.50%	8.50%	8.50%	9.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Kazakhstan	9.00%	9.00%	9.00%	9.25%	9.25%	9.50%	9.75%	9.75%	9.75%	10.25%	13.50%	13.50%	14.00%	14.00%
Russia	5.00%	5.00%	5.50%	6.50%	6.50%	6.75%	7.50%	7.50%	8.50%	8.50%	20.00%	20.00%	17.00%	11.00%
Uzbekistan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	17.00%	17.00%	17.00%
Turkey	19.00%	19.00%	19.00%	19.00%	19.00%	18.00%	16.00%	15.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
FED	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	1.00%
ECB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

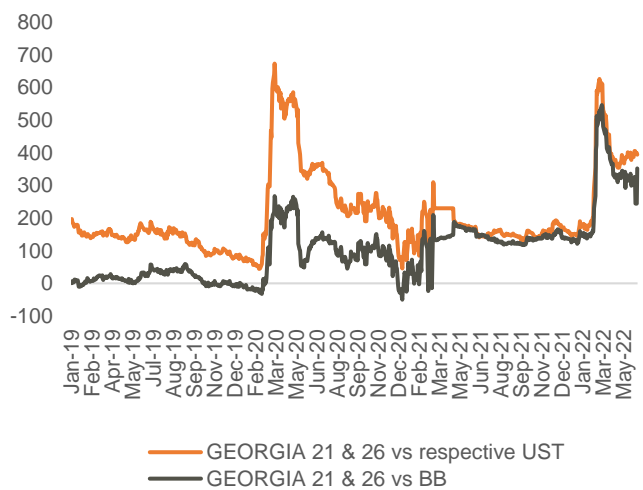
Source: Central banks

Georgia

YTM on GEORGIA 21 & 26, bps



Georgia vs US treasury/BB peers, bps

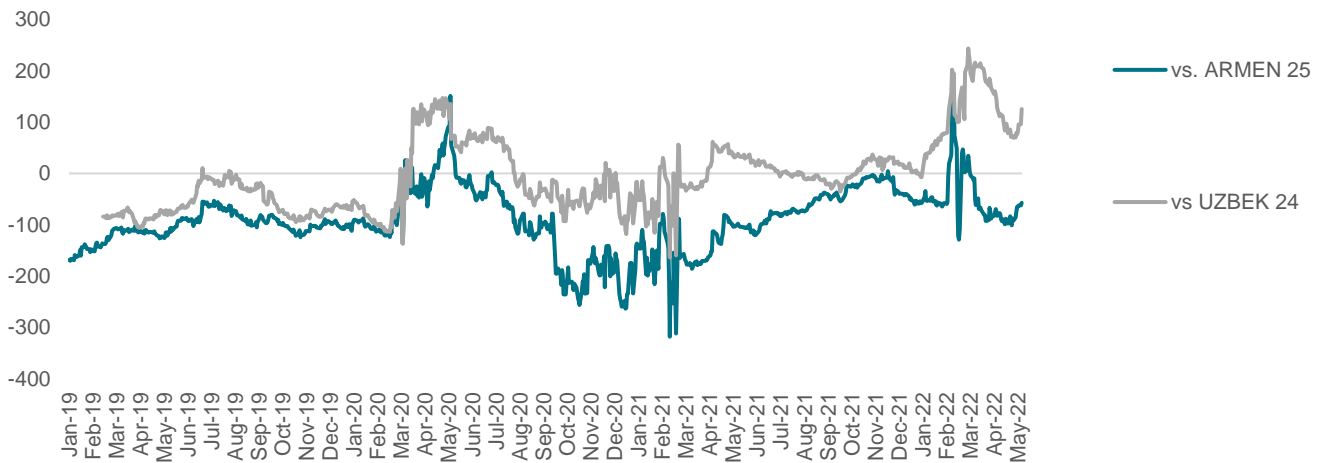


Source: Bloomberg

Note: For the period of 15 March-22 April 2021 a constant yield is taken for GEORGIA 21. From 22 April, GEORGIA 21 is replaced by a new GEORGIA 26 Eurobond

Source: Bloomberg

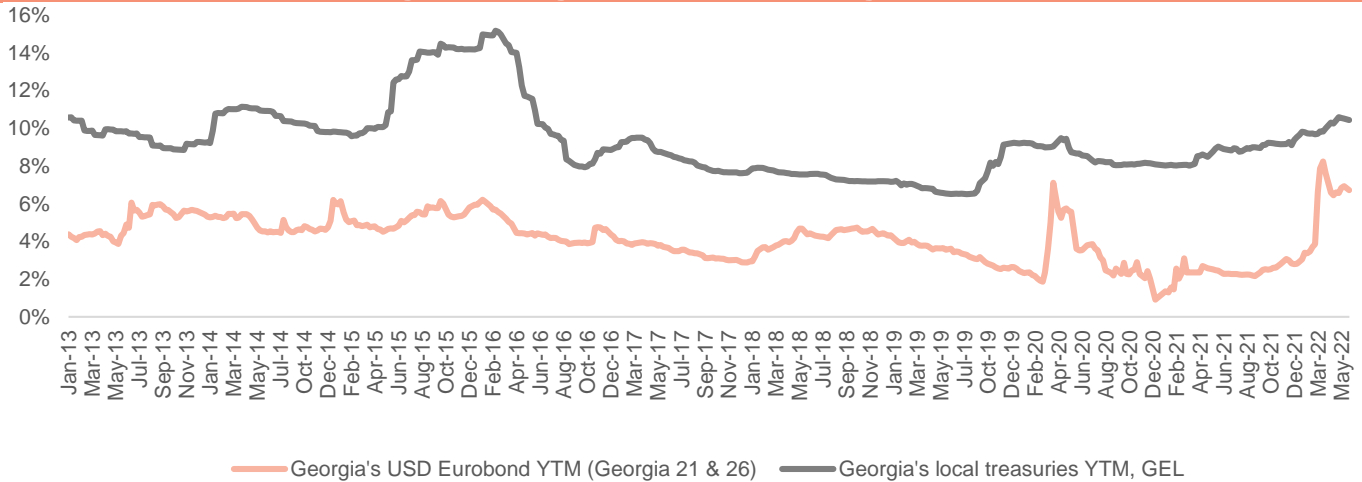
GEORGIA 21 & 26 vs regional peers, bps



Source: Bloomberg, Galt & Taggart Research

Georgian local treasury bonds

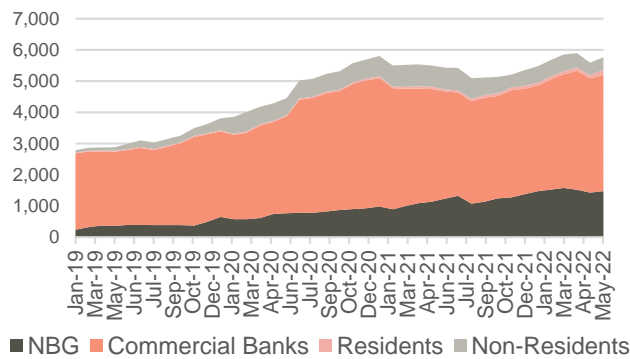
Georgia sovereign Eurobond vs. Georgian treasuries



Source: Bloomberg, NBG, Galt & Taggart Research

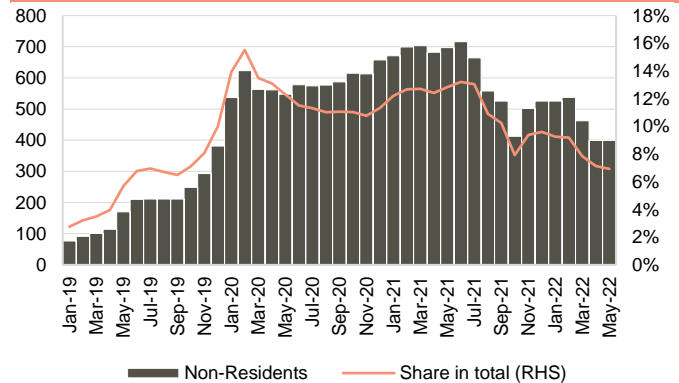
Note: LC treasury yields are derived from daily yield curve information from NBG. From April 2021 calculation is based on a new GEORGIA 26 Eurobond

Georgian treasury securities by holder, GEL mn



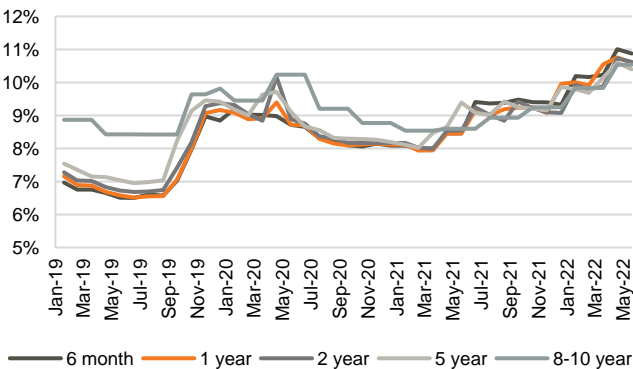
Source: NBG

Non-resident holdings as % of total treasuries, GEL mn



Source: NBG

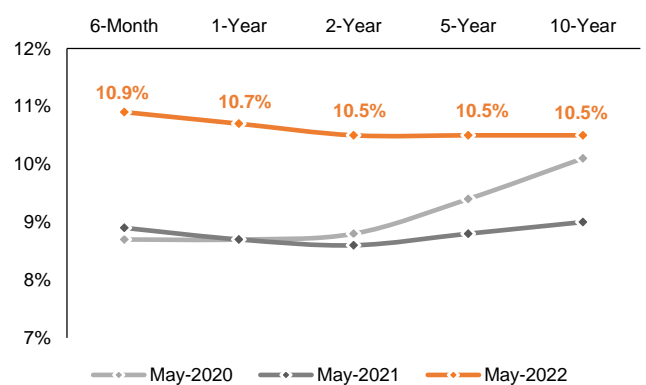
Interest rates on Georgian treasury securities



Source: NBG

Note: The interest rates are taken from actual auctions on T-bills and T-notes.

Georgian treasury yield curve

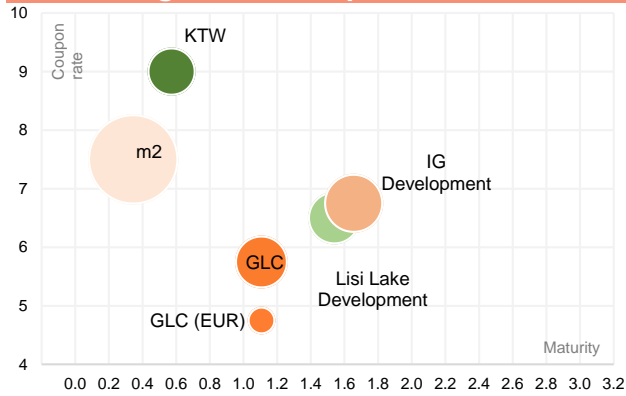


Source: NBG

Note: The interest rates are taken from actual auctions on T-bills and T-notes.

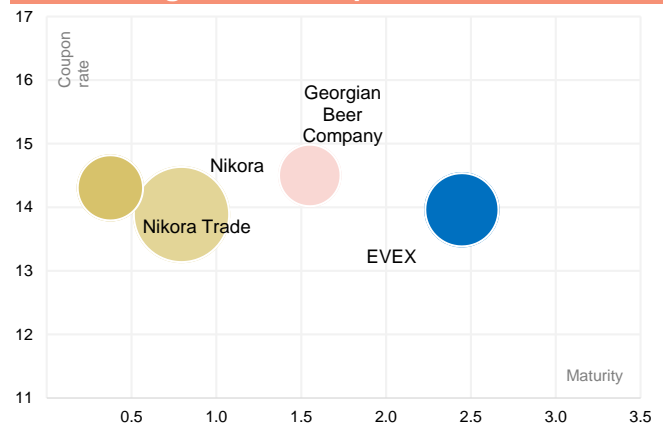
Georgian local corporate bonds

Georgian local corporate bonds, FX



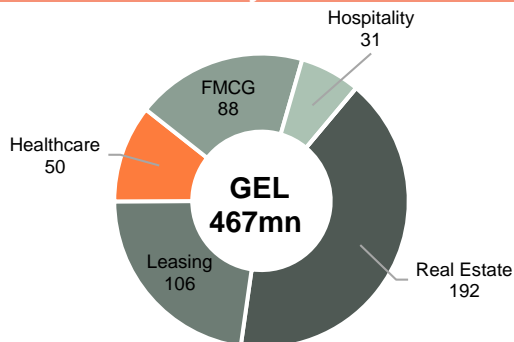
Source: NBG, Galt & Taggart Research
Note: The size of the bubble corresponds to the size of issuance

Georgian local corporate bonds, GEL



Source: NBG, Galt & Taggart Research
Note: The size of the bubble corresponds to the size of issuance

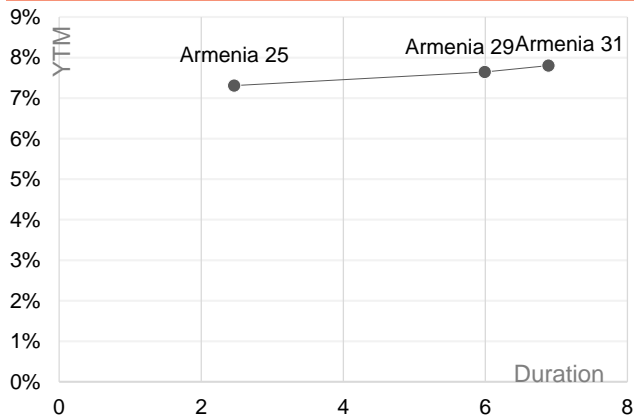
Local corporate bond distribution by sector, May-2022



Source: NBG, Galt & Taggart Research

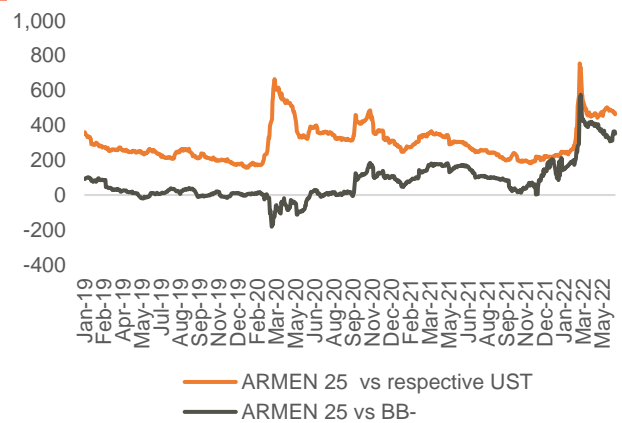
Regional economies

Armenia's yield curve



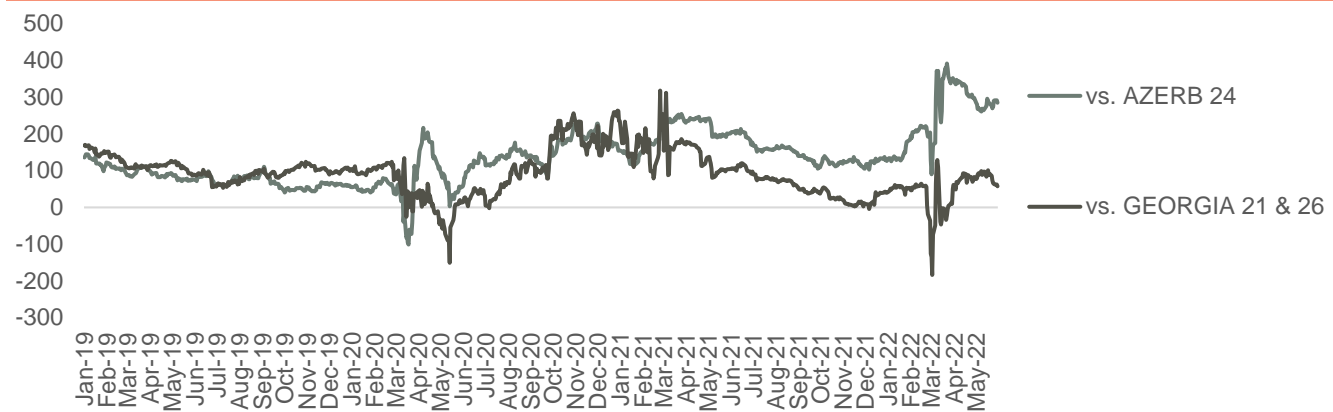
Source: Bloomberg

Armenia vs US treasury/BB/B peers, bps



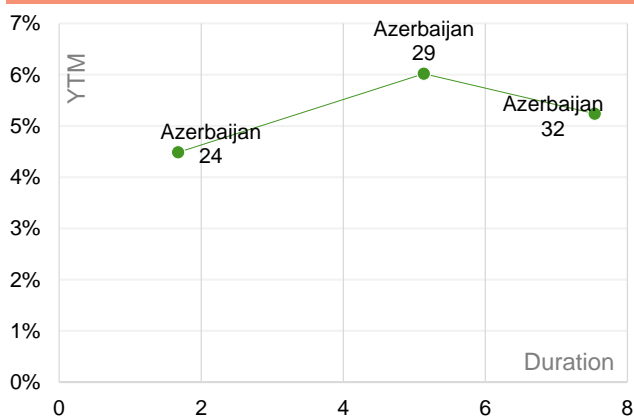
Source: Bloomberg

ARMENIA 25 vs regional peers, bps



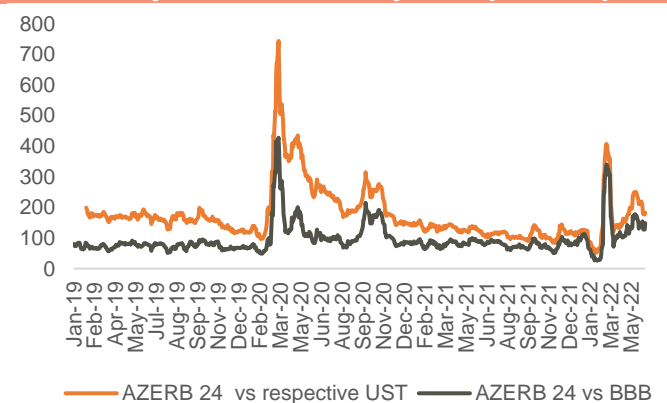
Source: Bloomberg, Galt & Taggart Research

Azerbaijan's yield curve



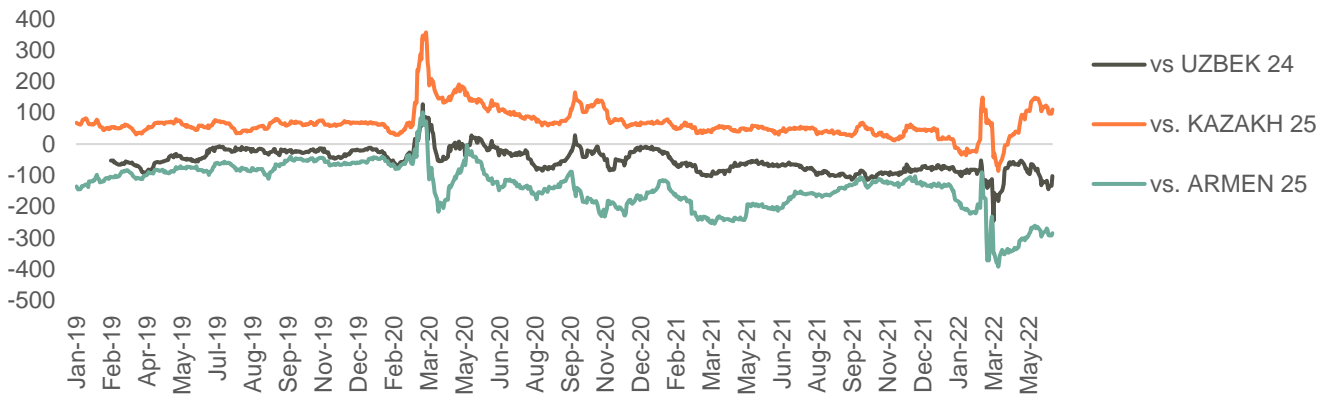
Source: Bloomberg

Azerbaijan vs US treasury/BBB peers, bps



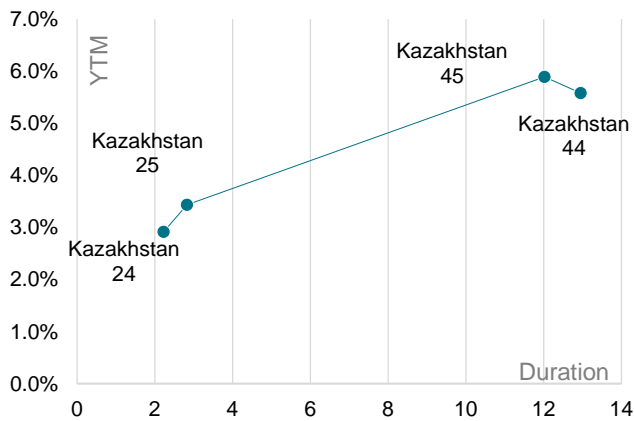
Source: Bloomberg

Azerbaijan 24 vs regional peers, bps



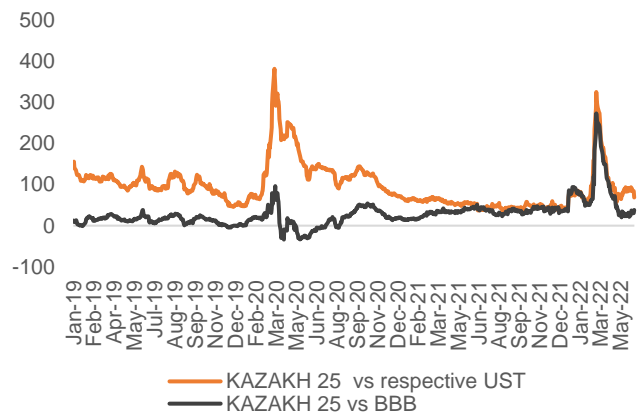
Source: Bloomberg, Galt & Taggart Research

Kazakhstan's yield curve



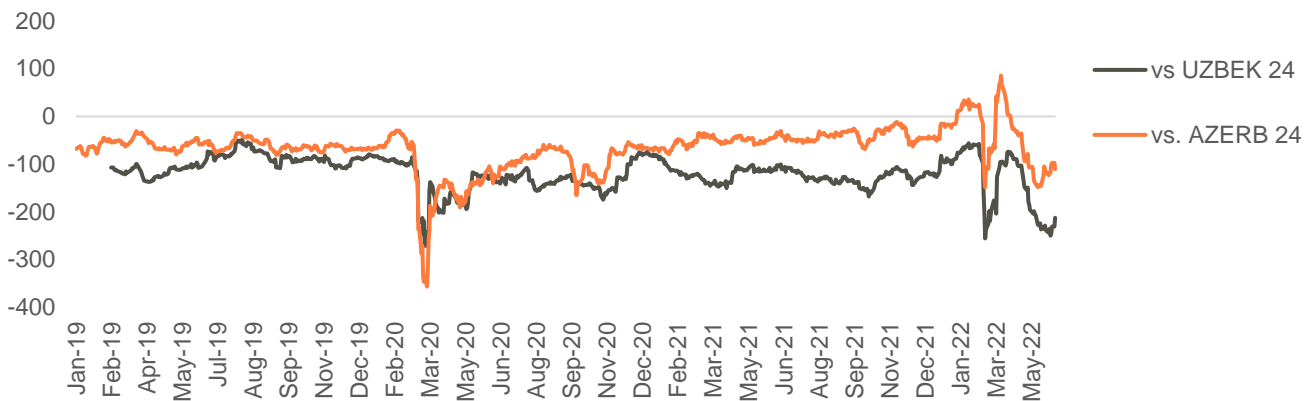
Source: Bloomberg

Kazakhstan vs US treasury/BBB peers, bps



Source: Bloomberg

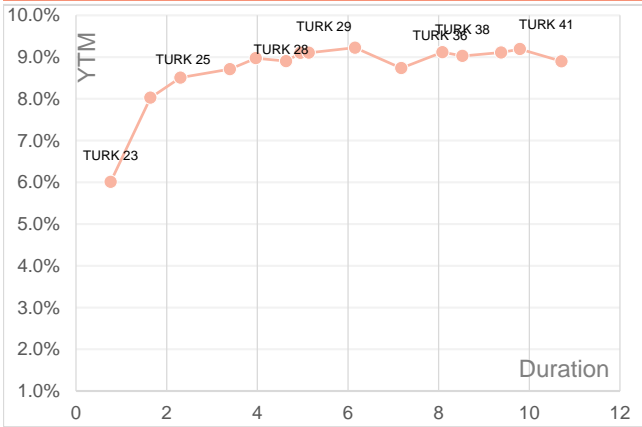
Kazakhstan 25 vs regional peers, bps



Source: Bloomberg, Galt & Taggart Research

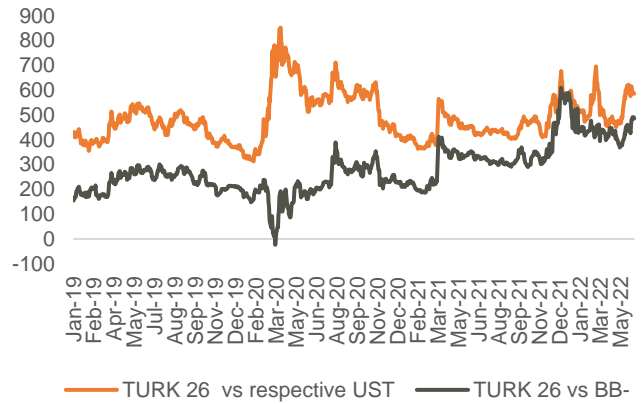


Turkey's yield curve



Source: Bloomberg

Turkey vs US treasury/BB- peers, bps



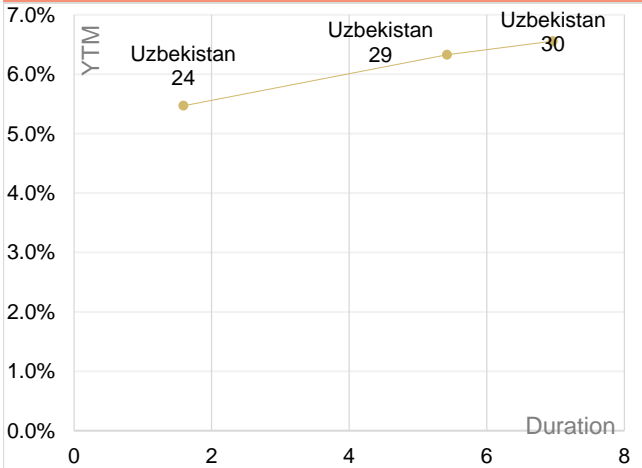
Source: Bloomberg

TURKEY 26 vs regional peers, bps



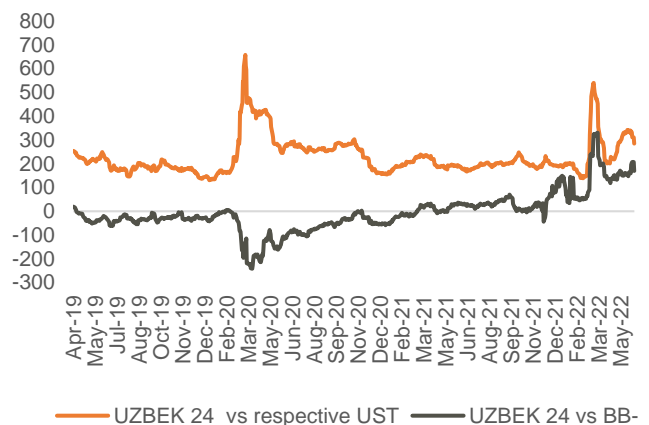
Source: Bloomberg, Galt & Taggart Research

Uzbekistan's yield curve



Source: Bloomberg

Uzbekistan vs US treasury/BB- peers, bps



Source: Bloomberg

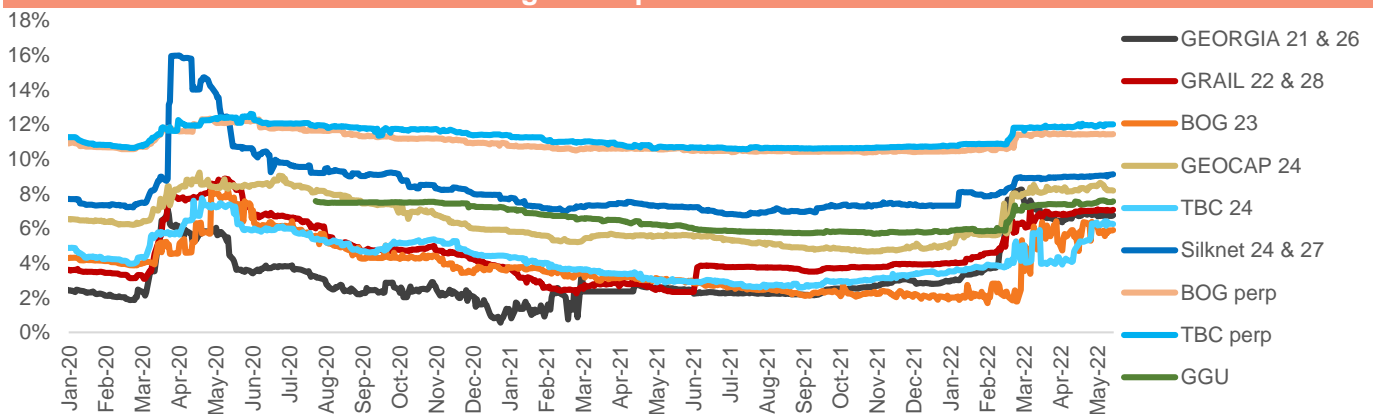
Uzbekistan 24 vs regional peers, bps



Source: Bloomberg, Galt & Taggart Research

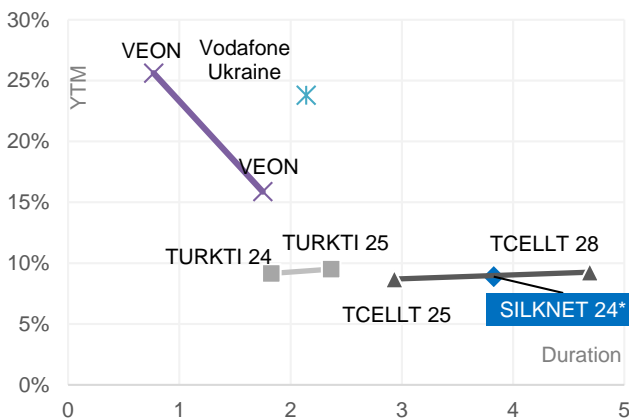
Georgian corporate Eurobonds

Georgian corporate Eurobond YTM



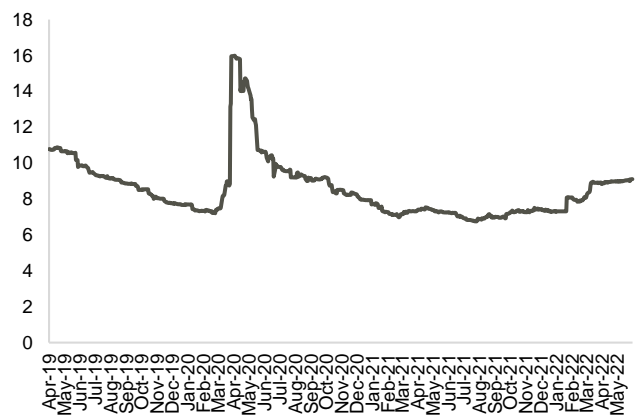
Source: Bloomberg

Regional telecom universe



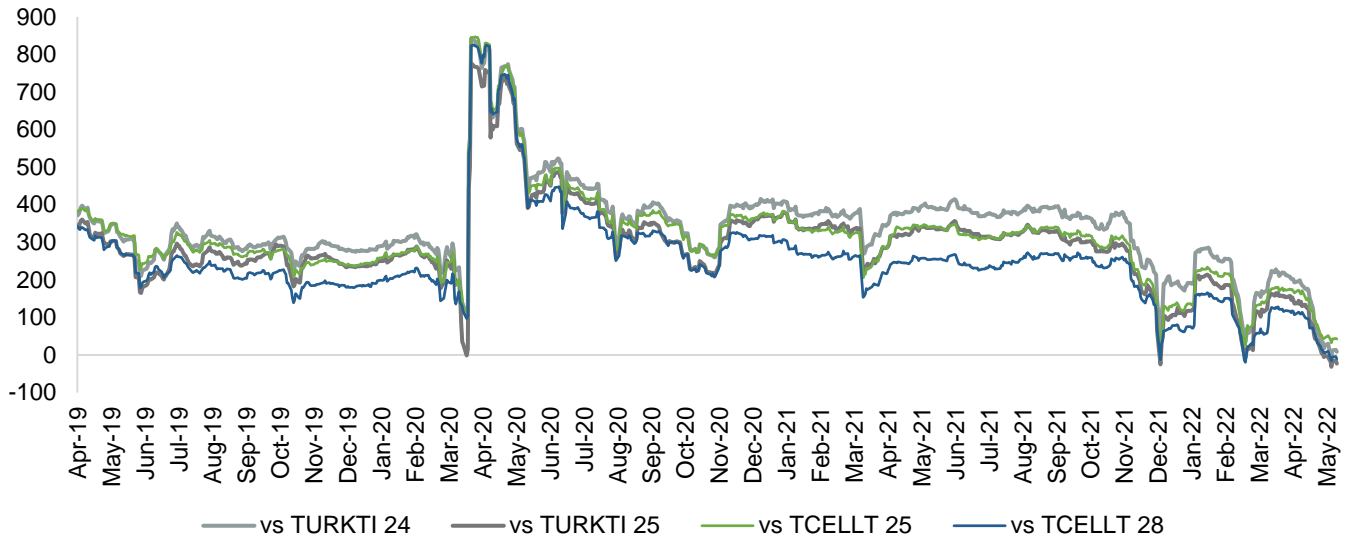
Source: Bloomberg

YTM on Silknet, bps



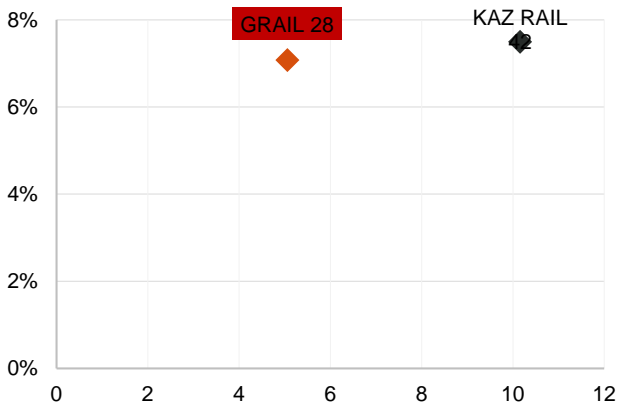
Source: Bloomberg

Silknet vs regional peer telecom operators, bps



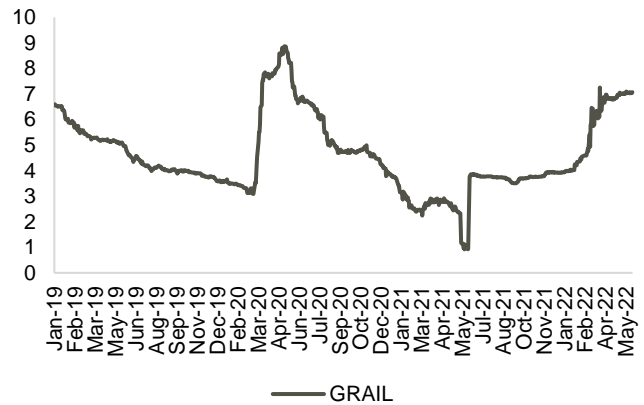
Source: Bloomberg, Galt & Taggart Research

YTM of regional railways



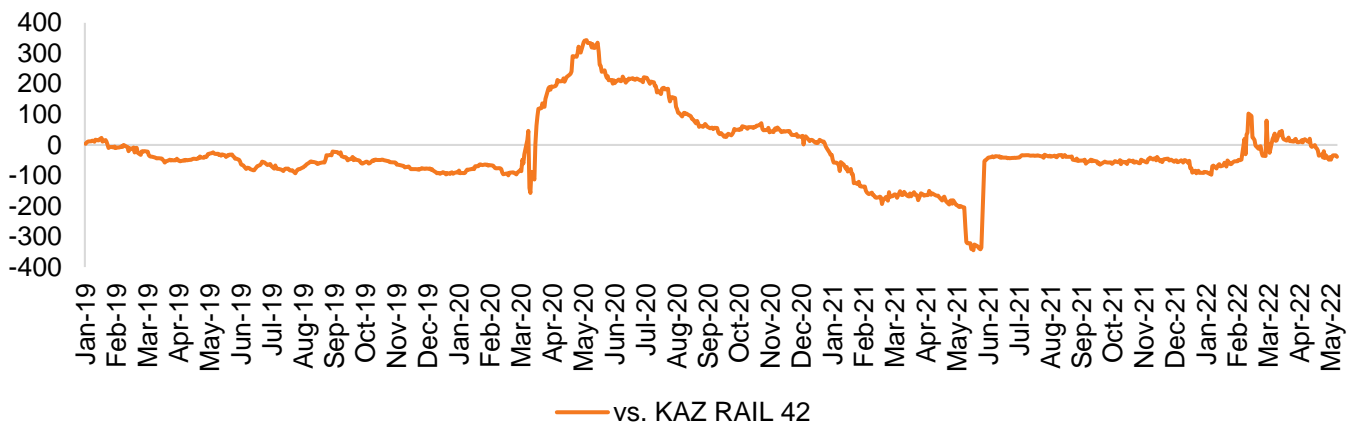
Source: Bloomberg

YTM on GRAIL 22 & 28, bps



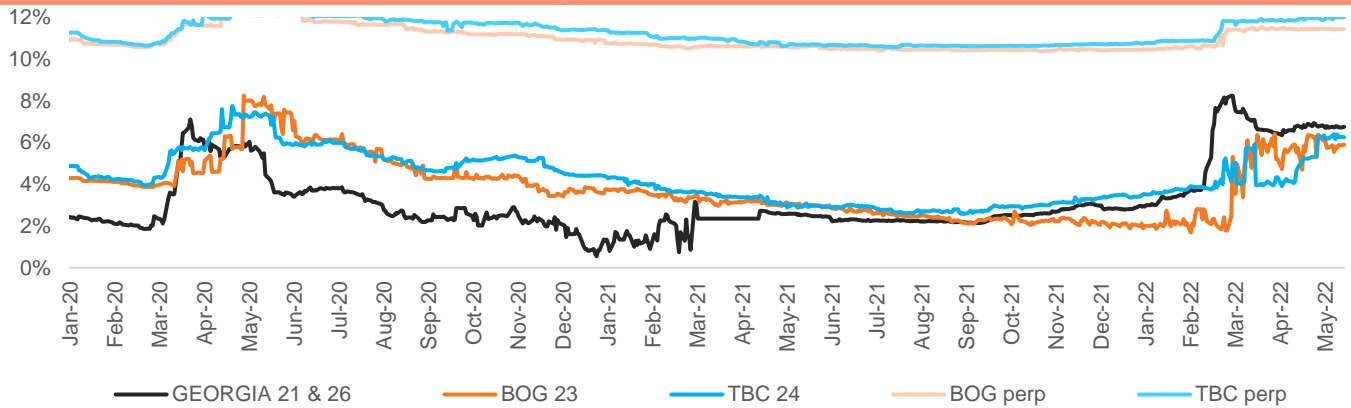
Source: Bloomberg
Note: The chart combines GRAIL 22 which was repurchased in June 2021 as well as the newly issued GRAIL 28 Eurobond.

GRAIL vs regional peer railways, bps



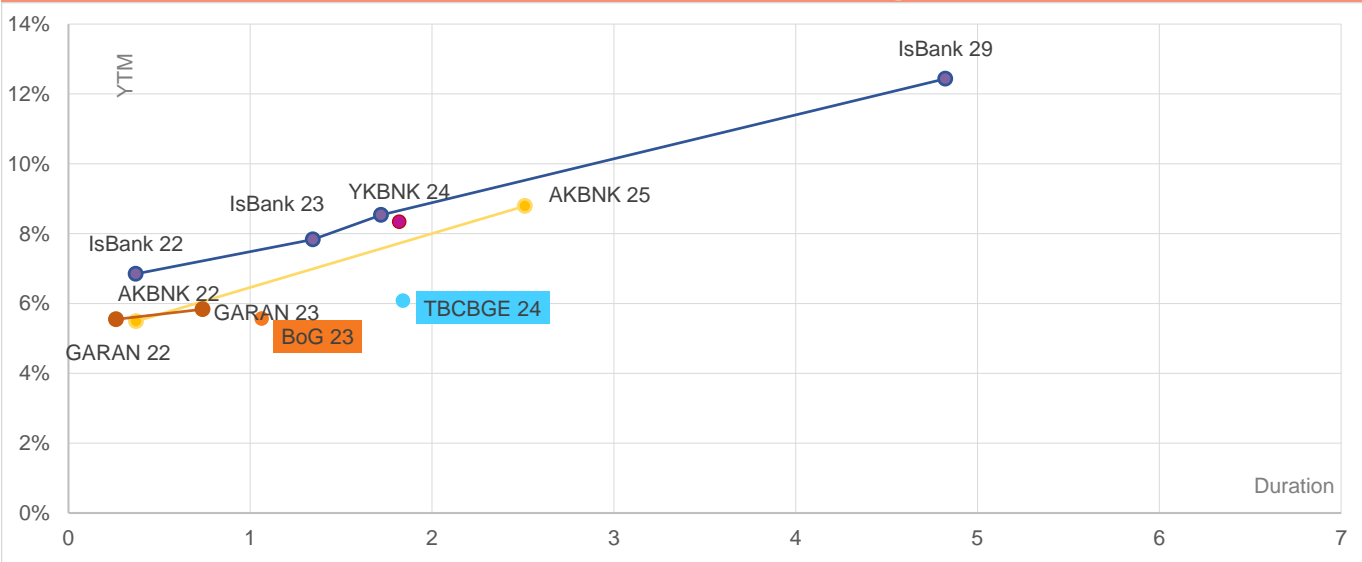
Source: Bloomberg, Galt & Taggart Research

YTM on Georgian banks and GEORGIA 21 & 26



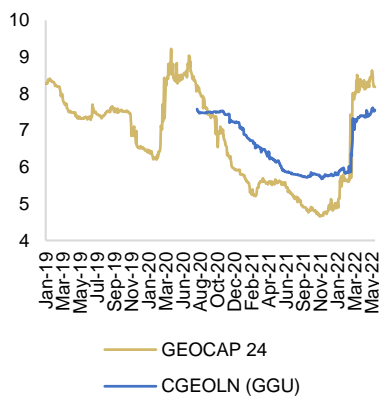
Source: Bloomberg

YTM of Private banks in the region



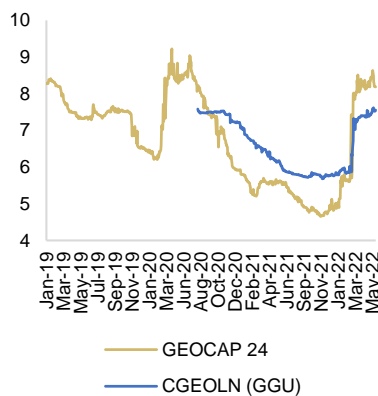
Source: Bloomberg, Galt & Taggart Research

YTM on GEOCAP and CGEOLN (GGU)



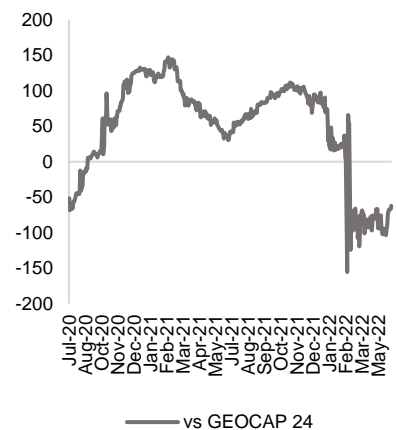
Source: Bloomberg

GEOCAP's spread over BoG 23, bps



Source: Bloomberg

CGEOLN's (GGU) spread over GEOCAP 24, bps



Source: Bloomberg

Appendix

Issuer	Ticker	ISIN	Currency	Coupon	Sector	Maturity	Duration	Amount, US\$ mn	Mid price	YTM	Mid	Ratings (Fitch/S&P/Moody's)
Sovereign Eurobonds												
Republic of Azerbaijan	AZERBJ	XS1044540547	USD	4.75	Government	3/18/2024	1.7	1,250	100.4	4.5		BB+/-/Ba2u
Republic of Azerbaijan	AZERBJ	XS1678623064	USD	5.125	Government	9/1/2029	5.1	311	94.8	6.0		BB+/-/Ba2u
Republic of Azerbaijan	AZERBJ	XS1678623734	USD	3.5	Government	9/1/2032	7.5	1,077	86.4	5.2		BB+/-/Ba2u
Republic of Armenia	ARMEN	XS1207654853	USD	7.15	Government	3/26/2025	2.5	500	99.6	7.3		B+/-/Ba3
Republic of Armenia	ARMEN	XS2010043904	USD	3.95	Government	9/26/2029	6.0	500	79.6	7.6		B+/-/Ba3
Republic of Armenia	ARMEN	XS2010028939	USD	3.6	Government	2/2/2031	6.9	750	73.9	7.8		B+/-/Ba3
Republic of Belarus	BELRUS	XS1634369067	USD	6.875	Government	2/28/2023	0.2	800	16.8	503.6		CCC/CC *-/Cau
Republic of Belarus	BELRUS	XS1634369224	USD	7.625	Government	6/29/2027	1.7	600	14.8	70.9		CCC/CC *-/Cau
Republic of Belarus	BELRUS	XS1760804184	USD	6.2	Government	2/28/2030	2.5	600	15.0	50.2		CCC/CC *-/Cau
Georgia	GEORG	XS2334109423	USD	2.75	Government	4/22/2026	3.6	500	86.4	6.8		BB/BB/Ba2
Kazakhstan	KAZAKS	XS1120709669	USD	3.875	Government	10/14/2024	2.2	1,500	102.2	2.9		BBB/BBB-/Baa2
Kazakhstan	KAZAKS	XS1263054519	USD	5.125	Government	7/21/2025	2.8	2,500	105.0	3.4		BBB/BBB-/Baa2
Kazakhstan	KAZAKS	XS1263139856	USD	6.5	Government	7/21/2045	12.0	1,500	107.6	5.9		BBB/BBB-/Baa2
Kazakhstan	KAZAKS	XS1120709826	USD	4.875	Government	10/14/2044	13.0	1,000	91.0	5.6		BBB/BBB-/Baa2
Russia	RUSSIA	XS0971721450	USD	4.875	Government	9/16/2023	0.7	3,000	29.0	136.4		WD/NR/WR
Russia	RUSSIA	XS0088543193	USD	12.75	Government	6/24/2028	1.9	2,500	28.9	52.2		WD/NR/WR
Russia	RUSSIA	XS0767473852	USD	5.625	Government	4/4/2042	5.0	3,000	27.1	21.7		WD/NR/WR
Russia	RUSSIA	XS0971721963	USD	5.875	Government	9/16/2043	4.8	1,500	27.6	21.9		WD/NR/WR
Ukraine	UKRAIN	XS1303921487	USD	7.75	Government	9/1/2023	0.8	1,355	44.5	91.4		CCC/CCC+/Caa3u
Ukraine	UKRAIN	XS1303925041	USD	7.75	Government	9/1/2024	1.5	1,339	39.0	61.2		CCC/CCC+/Caa3u
Ukraine	UKRAIN	XS1303925470	USD	7.75	Government	9/1/2025	2.1	1,329	38.8	45.8		CCC/CCC+/Caa3u
Ukraine	UKRAIN	XS1303926528	USD	7.75	Government	9/1/2026	2.6	1,318	38.8	37.8		CCC/CCC+/Caa3u
Ukraine	UKRAIN	XS1303927179	USD	7.75	Government	9/1/2027	3.1	1,307	38.7	33.2		CCC/CCC+/Caa3u
Ukraine	UKRAIN	XS1902171757	USD	9.75	Government	11/1/2028	3.2	1,600	39.1	33.3		CCC/CCC+/-
Ukraine	UKRAIN	XS1577952952	USD	7.375	Government	9/25/2032	4.3	3,000	36.0	24.8		CCC/CCC+/-
Ukraine	UKRAIN	XS2010028699	USD	6.876	Government	5/21/2029	4.0	1,250	36.4	28.2		CCC/CCC+/-
Uzbekistan	UZBEK	XS1953916290	USD	4.75	Government	2/20/2024	1.6	500	98.8	5.5		BB-/BB-/B1u
Uzbekistan	UZBEK	XS1953915136	USD	5.375	Government	2/20/2029	5.4	500	94.9	6.3		BB-/BB-/
Uzbekistan	UZBEK	XS2263765856	USD	3.7	Government	11/25/2030	7.0	555	81.7	6.6		BB-/BB-/
Uzbekistan	UZBEK	XS2334109423	USD	2.75	Government	4/22/2026	3.6	500	86.4	6.8		BB/BB/Ba2
Uzbekistan	UZBEK	XS2365195978	USD	3.9	Government	10/19/2031	7.4	635	80.2	6.8		BB-/BB-/

Issuer	Ticker	ISIN	Currency	Coupon	Sector	Maturity	Duration	Amount, US\$ mn	Mid price	YTM	Mid (Moody's/Fitch/S&P)	Ratings
Turkey	TURKEY	US900123CA66	USD	3.25	Government	3/23/2023	0.8	1,500	97.9	6.0		B+/-/B2
Turkey	TURKEY	US900123CF53	USD	5.75	Government	3/22/2024	1.6	2,500	96.3	8.0		B+/-/B2
Turkey	TURKEY	US900123AW05	USD	7.375	Government	2/5/2025	2.3	3,250	97.3	8.5		B+/-/B2
Turkey	TURKEY	US900123CJ75	USD	4.25	Government	4/14/2026	3.4	1,500	85.7	8.7		B+/-/B2
Turkey	TURKEY	US900123CL22	USD	6	Government	3/25/2027	4.0	3,250	88.6	9.0		B+/-/B2
Turkey	TURKEY	US900123CP36	USD	5.125	Government	2/17/2028	4.6	2,000	83.4	8.9		B+/-/B2
Turkey	TURKEY	US900123AL40	USD	11.875	Government	1/15/2030	5.0	1,500	115.0	9.1		B+/-/B2
Turkey	TURKEY	US900123CT57	USD	7.625	Government	4/26/2029	5.1	3,000	92.5	9.1		B+/-/B2
Turkey	TURKEY	US900123DA57	USD	5.95	Government	1/15/2031	6.2	2,250	80.8	9.2		-/-/B2
Turkey	TURKEY	US900123AT75	USD	8	Government	2/14/2034	7.2	1,500	94.7	8.7		B+/-/B2
Turkey	TURKEY	US900123AY60	USD	6.875	Government	3/17/2036	8.1	2,750	82.6	9.1		B+/-/B2
Turkey	TURKEY	US900123BB58	USD	7.25	Government	3/5/2038	8.5	1,000	85.2	9.0		B+/-/B2
Turkey	TURKEY	US900123BJ84	USD	6	Government	1/14/2041	9.4	3,000	72.4	9.1		B+/-/B2
Turkey	TURKEY	US900123CG37	USD	6.625	Government	2/17/2045	9.8	3,000	75.7	9.2		B+/-/B2
Turkey	TURKEY	US900123CM05	USD	5.75	Government	5/11/2047	10.7	3,500	68.7	8.9		B+/-/B2
Corporate Eurobonds												
SILKNET JSC	SILNET	XS2436858349	USD	11	Communications	1/31/2027	3.7	300	97.2	9.1		B-/B1
TURK TELEKOMUNIKASYON AS	TURKTI	XS1028951264	USD	4.875	Communications	6/19/2024	1.8	500	92.2	9.1		B+/B+/-
TURK TELEKOMUNIKASYON AS	TURKTI	XS1955059420	USD	6.875	Communications	2/28/2025	2.4	500	93.8	9.5		B+/B+/-
TURKCELL ILETISIM HIZMET	TCELLT	XS1298711729	USD	5.75	Communications	10/15/2025	2.9	500	91.6	8.7		B+/B+/B2u
TURKCELL ILETISIM HIZMET	TCELLT	XS1803215869	USD	5.8	Communications	4/11/2028	4.7	500	84.6	9.3		B+/B+/-
VEON	VIP	XS1625994618	USD	4.95	Communications	6/16/2024	1.7	900	81.7	15.9		B+/NR/WR
VEON	VIP	XS1400710726	USD	7.25	Communications	4/26/2023	0.8	700	86.2	25.6		B+/NR/WR
Vodafone Ukraine	VODUKR	XS2114201622	USD	6.2	Communications	2/11/2025	2.1	500	66.5	23.8		CCC/B- *-/-
GEORGIAN RAILWAY JSC	GRAIL	XS2340149439	USD	4	Industrial	6/17/2028	5.1	500	85.1	7.1		BB-/B+/-
KAZAKHSTAN TEMIR ZHOLY	KTZKZ	XS0799658637	USD	6.95	Industrial	7/10/2042	10.2	1,100	94.4	7.5		BBB-/BB/Baa3
Russian Railways	RURAIL	XS1574068844	USD	4.375	Industrial	3/1/2024	0.9	500	20.7	127.9		WD/-/WR
Ukrainian Railway	RAILUA	XS1843433472	USD	8.25	Industrial	7/9/2024	1.2	595	31.3	82.1		CCC/-/-
Ukrainian Railway	RAILUA	XS2365120885	USD	7.875	Industrial	7/15/2026	2.3	300	31.0	47.5		CCC/-/-
BANK OF GEORGIA JSC	GEBGG	XS1405775880	USD	6	Financial	7/26/2023	1.1	350	100.5	5.6		BB-/Baa2
TBC BANK JSC	TBCBGE	XS1843434363	USD	5.75	Financial	6/19/2024	1.8	300	99.4	6.1		BB-/Baa2
AKBNK	AKBNK	USM0375YAK49	USD	5	Financial	10/24/2022	0.4	500	99.8	5.5		B-/B2
AKBNK	AKBNK	XS1210422074	USD	5.125	Financial	3/31/2025	2.5	500	91.0	8.8		B-/B2
AKBNK	ARBANK	XS2080321198	USD	6.5	Financial	1/28/2025	2.3	300	91.4	10.3		B+/-/Baa3
Credit Bank of Moscow	CRBKMO	XS1759801720	USD	5.55	Financial	2/14/2023	0.2	500	21.5	427.6		WD/NR/WR
Credit Bank of Moscow	CRBKMO	XS1964558339	USD	7.121	Financial	6/25/2024	1.0	500	21.6	111.2		WD/NR/-
Credit Bank of Moscow	CRBKMO	XS2099763075	USD	4.7	Financial	1/29/2025	1.5	600	21.2	81.4		WD/NR/-
Garanti Bank	GARAN	USM8931TAF68	USD	5.25	Financial	9/13/2022	0.3	750	99.9	5.5		B-/B2
Garanti Bank	GARAN	XS1576037284	USD	5.875	Financial	3/16/2023	0.7	500	100.0	5.8		B-/B2
TURKIYE IS BANKASI	ISCTR	XS0847042024	USD	6	Financial	10/24/2022	0.4	1,000	99.7	6.8		B-/Caa2



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TURKIYE IS BANKASI	ISCTR	XS1003016018	USD	7.85	Financial	12/10/2023	1.3	400	100.0	7.8	B-/Caa3
TURKIYE IS BANKASI	ISCTR	XS1578203462	USD	6.125	Financial	4/25/2024	1.7	1,250	95.9	8.5	B-/B3
TURKIYE IS BANKASI	ISCTR	XS2041003901	USD	8.1	Financial	12/3/2029	4.8	50	79.5	12.4	B-/NR
Yapi Kredi Bank	YKBNK	XS1634372954	USD	5.85	Financial	6/21/2024	1.8	500	95.4	8.3	B-/B2
Ziraat Bank	TCZIRA	XS1691349010	USD	5.125	Financial	9/29/2023	1.2	500	96.7	7.8	B-/B2
Sberbank	SBERRU	US78406JAD63	USD	5.25	Financial	5/23/2023	0.3	1,000	13.0	404.2	WD/-
International Bank of Azerbaijan	IBAZAZ	XS1678463784	USD	3.5	Financial	9/1/2024	2.1	1,000	95.6	5.6	B/-
Alfa Bank	ALFARU	XS1760786340	USD	6.95	Financial	n/a	0.4	500	8.6	76.1	WD/-WR
TINKOF	AKBHC	XS1631338495	USD	9.25	Financial	n/a	0.1	300	22.3	46.4	WD/-
GEOCAP 24	GEOCAP	XS1778929478	USD	6.125	Financial	3/9/2024	1.6	300	96.7	8.2	-/B+/B2
Georgian Global Utilities	CGEOLN	XS2208644059	USD	7.75	Utilities	7/30/2025	1.9	250	105.8	6.1	B+/B/-

Source: Bloomberg

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