



Economy

Exports at record high US\$ 524.6mn in May 2022

In May-22, exports surged by 54.3% y/y hitting record high monthly figure US\$ 524.6mn, after a 10.1% y/y growth in previous month. Imports also increased strongly by 45.4% y/y to all-time high US\$ 1,119mn in May, after growing 26.5% y/y in previous month. As a result, the trade deficit increased by 38.3% y/y to US\$ 594.8mn.

The top 5 exported commodities were copper (+62.6% y/y), ferro-alloys (+175.0% y/y), cars (+46.8% y/y), electricity (+418.1% y/y) and fertilizers (+158.7% y/y), in May-22. A 14.7% of exports were directed to the EU (+89.1% y/y), 38.4% to the CIS (+26.7% y/y) and 47.0% to other countries (+75.3% y/y).

The top 5 imports were petroleum (+111.7% y/y), copper (+143.4% y/y), cars (+23.2% y/y), pharmaceuticals (+5.5% y/y) and automatic data processing (+168.7% y/y) in May-22.

Overall, in 5M22, trade deficit was up 37.1% y/y to US\$ 2.7bn, as exports increased by 37.5% y/y to US\$ 2.1bn, while imports were up by 37.3% y/y to US\$ 4.8bn.

Producer price index retreated to 14.2% y/y in May 2022

Annual PPI for industrial goods retreated to 14.2% in May-22, after a 15.4% growth in previous month, according to Geostat. Price changes in manufacturing (+19.6% y/y) and electricity, gas, steam and air conditioning (-7.5% y/y) contributed the most to the overall index change in May.

NBG keeps key rate unchanged at 11.0%

The NBG kept its key rate unchanged at 11.0% on 22 June 2022 meeting. Elevated inflation and inflationary risks remain a global challenge, and global surge in food prices in recent months has transmitted to Georgia's consumer prices as well, the regulator commented. The NBG also noted that the rise of long-term visitors from Russia, Belarus, and Ukraine increased apartment rents dramatically, adding 0.6ppts and 1.1ppts to headline and core inflation, respectively. Despite high uncertainty, the NBG expects that prices on international markets will not rise much and expects inflation to have a declining path as external factors are phased-out and monetary policy remains tight. The regulator also emphasized that lending remains strong driven by consumer and foreign currency loans, but expects some slowdown given introduced macroprudential measures and ongoing tightening from US Fed and other central banks. If this high growth of loans continues, the NBG will use additional measures at its disposal if necessary. The NBG also reiterated that monetary policy would keep a tightening bias until the risks of rising inflation expectations are sufficiently mitigated, and if inflation expectations continue to rise and/or demand-side pressures on prices exacerbate, further tightening of monetary policy may become necessary. The next committee meeting is scheduled for 3 August 2022.

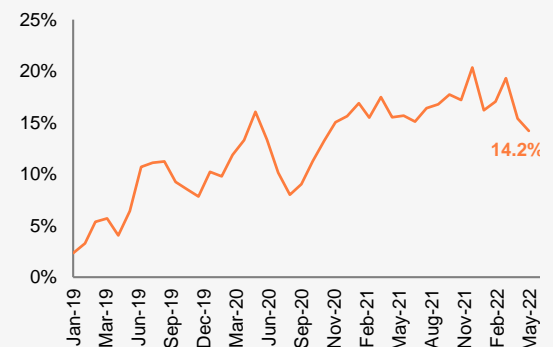
Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.4%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,015
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.4%	9.8%
Fiscal deficit (% of GDP)	9.3%	6.3%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

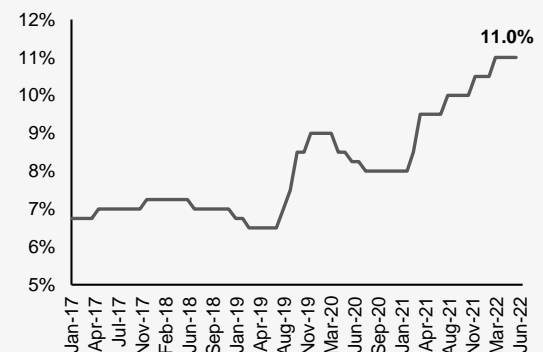
*Latest sovereign credit ratings

Producer Price Index, % change y/y



Source: Geostat

Monetary policy rate



Source: NBG

Money market

There was no treasury securities auction last week.

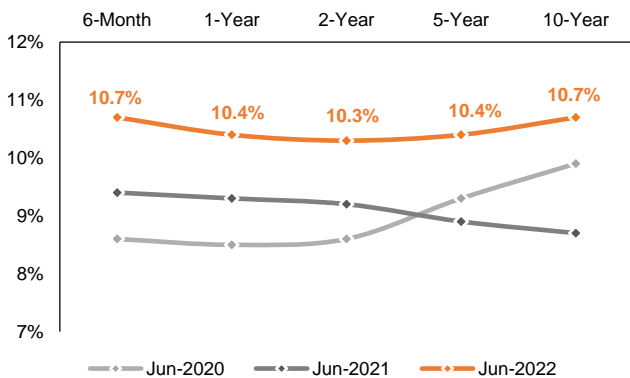
The nearest treasury security auction is scheduled for June 28, 2022, where GEL 80.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	120	120	120
1-year	115	275	245
2-year	420	540	990
5-year	414	666	3,035
10-year	50	50	1,371
Total	1,119	1,501	5,760

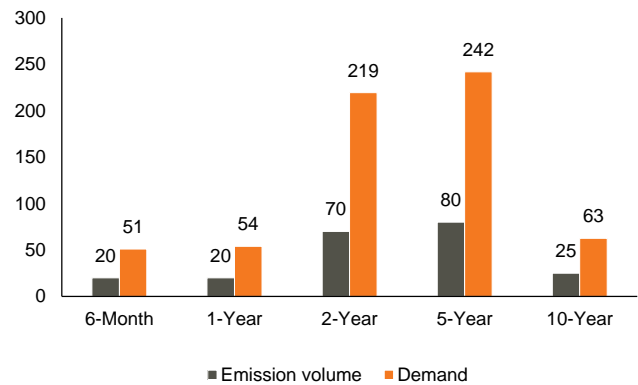
Source: MoF
*As of May 2022

T-bills / T-notes, yield curve



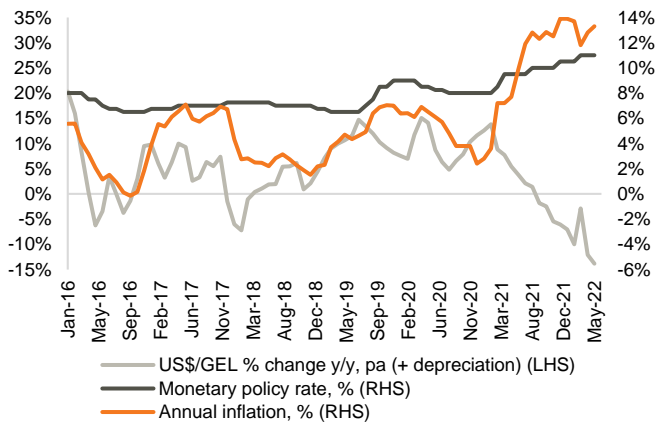
Source: NBG

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



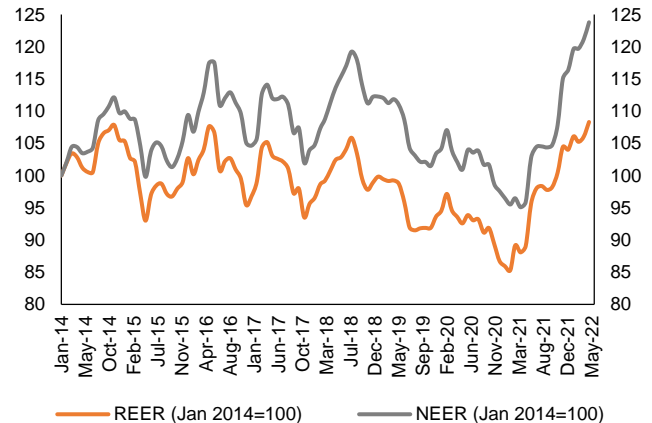
Source: NBG

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

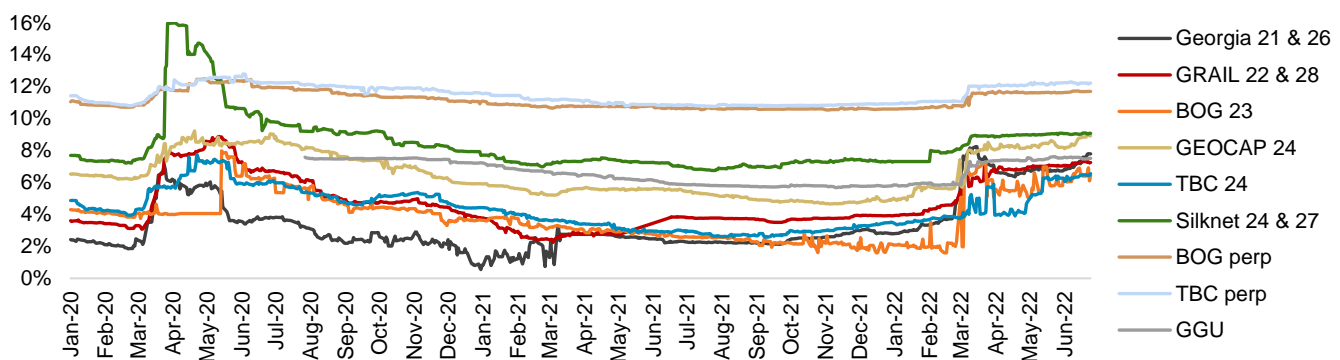
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.44% yield, trading at 99.58 (unchanged w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 95.66 (-0.08% w/w), yielding 8.93%.

Georgian Railway Eurobonds (GRAIL) traded at 84.47 (+0.36% w/w), yielding 7.25%.

Georgian Sovereign Eurobonds (GEORG) closed at 83.63 (-0.65% w/w) at 7.79% 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	83.63	7.79	482.13
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	84.47	7.25	432.64
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	99.58	6.44	340.91
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	100.51	11.70	773.37
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	95.66	8.93	581.49
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	97.41	9.08	612.18
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	98.54	6.55	344.01
TBC PERP	USD	125	10.775%	n/a	B-/-/-	98.46	12.22	847.95
GGU 07/25	USD	250	7.750%	Jul-25	B+*/B/-	100.63	7.51	432.23

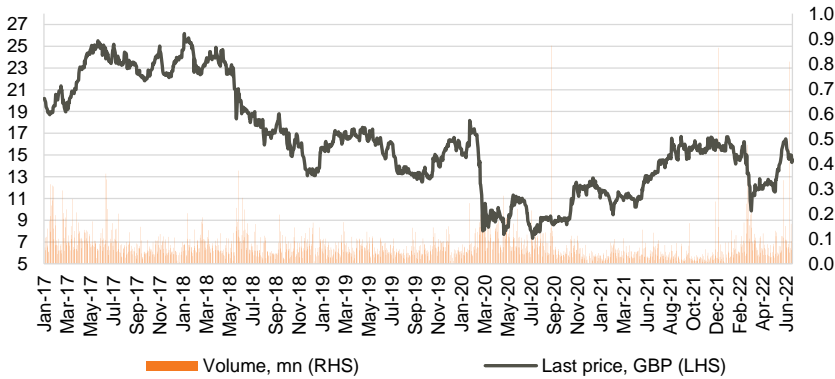
Georgian local bonds performance

Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.97	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.75	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.87	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	100.00	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.43	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.44	7.13	n/a
Geo. Beer Company	GEL	25	14.50%	Dec-23	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	13.60%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.96%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora	GEL	28	14.31%	Oct-22	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.89%	Mar-23	-/-/-	n/a	n/a	n/a

Source: Bloomberg

Equities

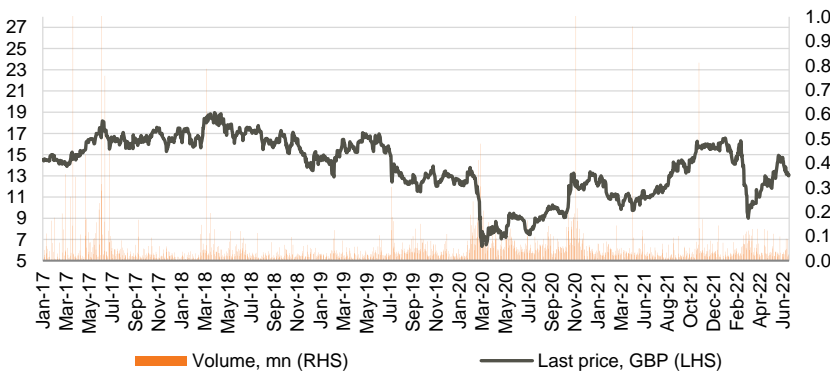
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 14.58/share (-1.22% w/w and +0.55% m/m). More than 434k shares traded in the range of GBP 14.14 - 15.12/share. Average daily traded volume was 141k in the last 4 weeks. The volume of BGEO shares traded was at 0.88% of its capitalization.

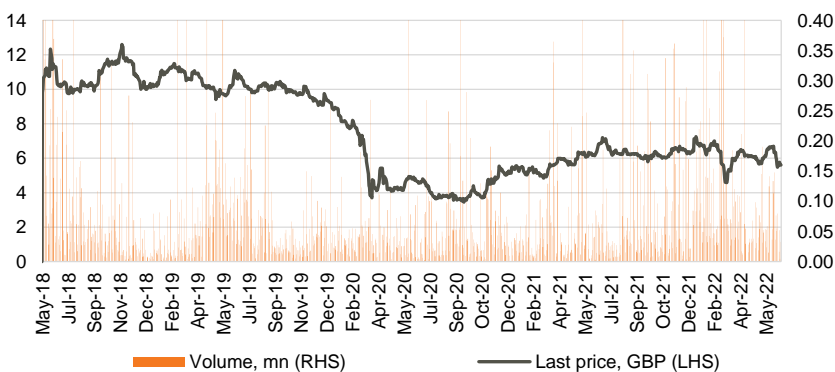
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 13.10/share (-0.46% w/w and -8.13% m/m). More than 175k shares changed hands in the range of GBP 12.70 - 13.54/share. Average daily traded volume was 40k in the last 4 weeks. The volume of TBCG shares traded was at 0.32% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 5.61/share (+2.37% w/w and -8.03% m/m). More than 106k shares traded in the range of GBP 5.50 - 6.01/share. Average daily traded volume was 65k in the last 4 weeks. The volume of CGEO shares traded was at 0.23% of its capitalization.



Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	14.58	717	-5.2%	9.6%	-12.6%	4.17x	3.52x	3.40x	0.93x	0.74x	0.67x
TBC	TBC	GBP	13.10	723	-18.8%	17.4%	-20.6%	3.80x	3.53x	3.20x	0.82x	0.70x	0.59x
Halyk Bank	HSBK	USD	9.76	2,662	-41.5%	-38.4%	-40.8%	2.50x	2.80x	2.74x	0.73x	0.70x	0.60x
Akbank	AKBNK	TRY	8.77	45,604	15.1%	62.7%	21.8%	3.63x	2.19x	2.66x	0.58x	0.53x	0.52x
Garanti	GARAN	TRY	15.18	63,756	29.5%	82.0%	34.7%	4.58x	2.68x	3.01x	0.77x	0.68x	0.66x
Isbank	ISCTR	TRY	4.70	21,150	34.4%	97.1%	45.2%	1.51x	0.99x	1.02x	0.52x	0.64x	0.55x
PKO	PKO	PLN	28.91	36,138	-34.0%	-29.9%	-35.7%	7.47x	6.28x	6.09x	0.97x	0.97x	0.87x
PEKAO	PEO	PLN	84.16	22,089	-29.5%	-18.1%	-31.0%	10.23x	6.28x	6.71x	0.93x	0.94x	0.87x
Millennium	MIL	PLN	4.06	4,927	-48.5%	-22.0%	-50.4%	na	3.81x	3.67x	0.74x	0.91x	0.69x
Mbank	MBK	PLN	239.40	10,147	-40.9%	-30.9%	-44.7%	na	4.52x	4.56x	0.75x	0.84x	0.70x
BRD	BRD	RON	13.06	9,102	-22.4%	-22.5%	-26.2%	6.93x	7.99x	7.03x	0.92x	1.14x	1.01x
Banca Transilvania	TLV	RON	2.35	14,800	-7.7%	-6.4%	-9.1%	7.44x	8.59x	7.20x	1.46x	1.53x	1.38x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	13.13x	10.12x	0.65x	0.75x	0.66x
Komercni	KOMB	CZK	690.00	131,134	-25.1%	-10.2%	-26.2%	10.50x	9.02x	9.12x	1.07x	1.12x	1.09x
Mean								5.96x	5.38x	5.04x	0.85x	0.87x	0.78x
Median								5.75x	4.16x	4.11x	0.80x	0.79x	0.68x

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		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	5.61	261	-11.7%	-17.7%	-21.3%	1.59x	na	na	0.36x	na	na
Tinc Comm	TINC	EUR	13.00	473	-2.4%	3.2%	-3.3%	14.54x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	20.62	42,073	53.1%	121.7%	55.9%	3.38x	4.63x	4.27x	0.79x	0.72x	0.57x
Deutsche Beteiligungs	DBAN	EUR	25.80	485	-33.3%	-24.0%	-35.3%	2.56x	na	6.65x	0.68x	0.85x	0.78x
Eurazeo	RF	EUR	62.60	4,959	-16.5%	-14.6%	-18.5%	3.13x	16.16x	19.75x	0.78x	0.76x	0.70x
Carlyle Group	CG	USD	34.06	12,136	-38.6%	-26.4%	-38.0%	4.08x	8.08x	7.07x	2.29x	3.04x	2.21x
Wendel SE	MF	EUR	81.60	3,651	-22.9%	-29.5%	-22.6%	3.47x	7.29x	7.20x	1.36x	1.38x	1.21x
HgCapital Trust	HGT	GBP	3.46	1,573	-17.7%	4.1%	-17.8%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	14.40	628	-20.7%	4.0%	-22.2%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	3.78	674	-8.5%	5.4%	-9.8%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	12.30	851	-10.9%	-6.1%	-14.9%	4.76x	na	na	0.80x	na	na
Symphony International Holding	SIHL	USD	0.49	252	21.3%	19.5%	18.4%	2.05x	na	na	0.51x	na	na
Mean								4.40x	9.04x	8.99x	0.95x	1.35x	1.09x
Median								3.38x	7.69x	7.07x	0.79x	0.85x	0.78x

Source: Bloomberg, S&P Capital IQ

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