



Regional Fixed Income Market Watch

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

Regional | Fixed Income
Monthly
July 6, 2022

Regional sovereign Eurobond market: Increased US dollar interest rates and country specific risks widened regional Eurobonds yields in Jun-22 after some signs of improvement in risk sentiments in May-22. ARMENIA 25 was the best performer of the month, followed by KAZAKH 25 among regional sovereign Eurobonds, with yields widening by 26.8bps and 46.1bps, respectively. AZERB 24 and GEORGIA 26 yields widened by 102.2bps and 126.5bps, respectively. UZBEK 24 was the worst performer of the month, with yield widening by 208.7bps.

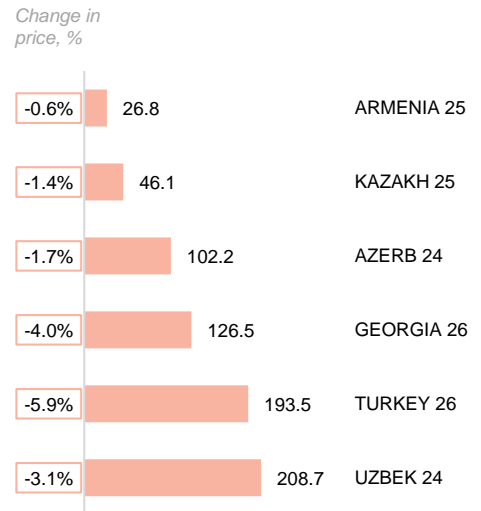
Georgian corporate Eurobond market: Among the Georgian corporate issuers, GGU was the best performer in Jun-22, with yield declining by 7.6bps m/m. Other bonds saw slight widening in yields, while BOG 23 posted the largest increase in yield at 121.5bps m/m.

FX market: During June-22, most regional currencies continued strengthening against US dollar like in previous month. Russian ruble (RUB) was the best performer gaining 13.3% m/m vs dollar, followed by Armenian dram (AMD) strengthening by 9.1% and Georgian lari (GEL) by 3.1%. Meanwhile Kazakh tenge (KZT) weakened by 10.6% and Turkish lira (TRY) lost 1.8%.

Georgia money market: In Jun-22, GEL 150.0mn treasury notes and GEL 40mn treasury bills were sold. Reduction in interest rates continued on all instruments m/m explained by high demand. Weighted average interest rate on 5-year notes was 10.133%, on 2-year notes was 10.324%, on 1-year instrument was 10.390%, and stood at 10.645% for 6-month instruments. Notably, non-residents' treasury holdings remained flat at GEL 399.1mn since Apr-22. As a result, the share of non-residents in total outstanding holdings stood at 6.8% (-0.1ppts m/m) in June-22.

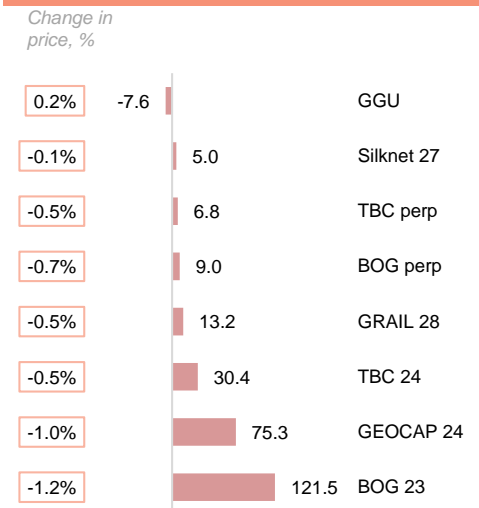
Central banks continue focusing on fighting high inflation despite the weakening growth outlook. The Fed accelerated its rate hiking agenda to address persistent inflationary pressures and at its June meeting increased the rate by 75bps, the largest increase since 1994, to 1.75%. The ECB is expected to raise rates by 25bps in July, the first hike since 2011.

Change in sovereign Eurobond yields in June 2022, bps



Source: Bloomberg, Galt & Taggart

Change in Georgian Corporate Eurobond yields in June 2022, bps



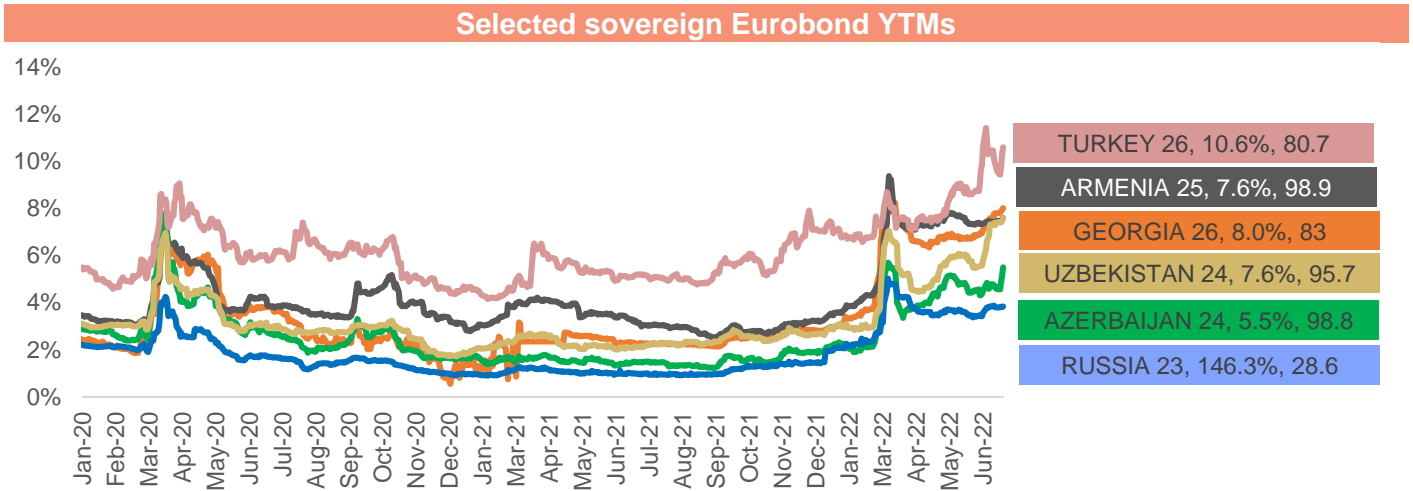
Source: Bloomberg, Galt & Taggart

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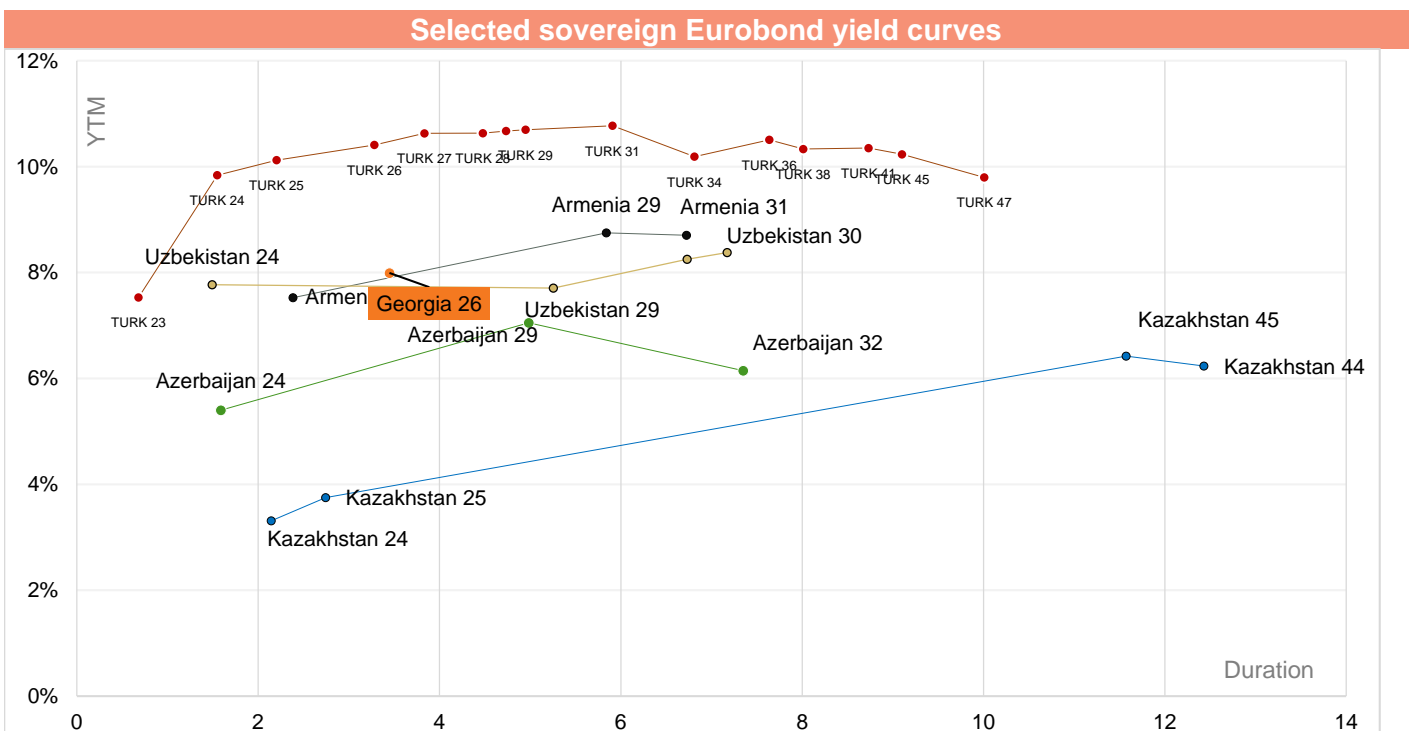
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Sovereign Eurobond yields

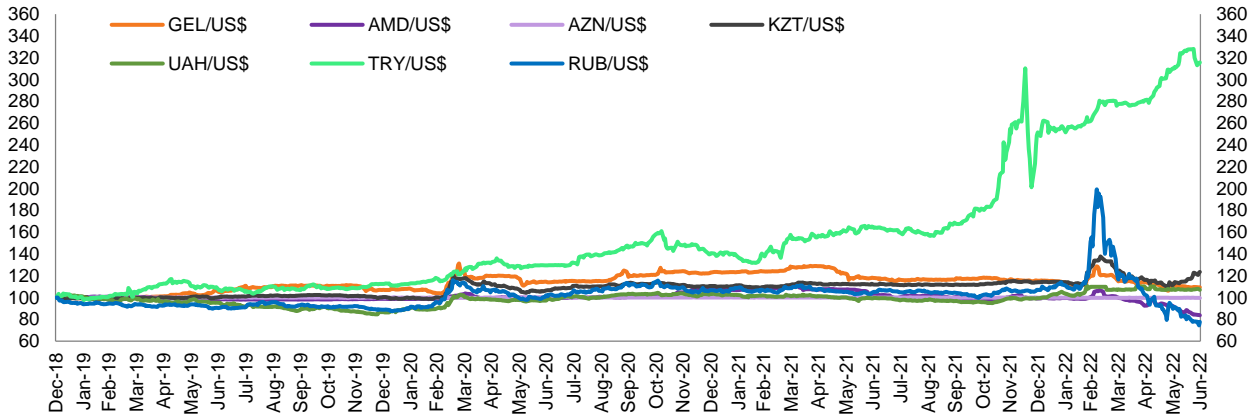


Source: Bloomberg



Source: Bloomberg

Regional currencies vs. US\$



Source: Bloomberg

Central banks' monetary policy rates

	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	Jun-22
Georgia	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%	11.00%
Armenia	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%	9.25%
Azerbaijan	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%	7.75%
Belarus	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%	12.00%
Ukraine	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%	25.00%
Kazakhstan	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%	14.00%
Russia	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%	9.50%
Uzbekistan	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%	16.00%
Turkey	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%	14.00%
FED	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%	1.75%
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

Sovereign

Issuer	Currency	Coupon	Maturity	Duration	Amount, US\$ mn	Mid price	YTM Mid	Ratings (Fitch/S&P/Moody's)
Azerbaijan	USD	4.75	3/18/2024	1.6	1,250	99.0	5.4	BB+/-/Ba2u
Azerbaijan	USD	5.125	9/1/2029	5.0	311	89.3	7.1	BB+/-/Ba2u
Azerbaijan	USD	3.5	9/1/2032	7.3	1,077	80.2	6.1	BB+/-/Ba2u
Armenia	USD	7.15	3/26/2025	2.4	500	99.1	7.5	B+/-/Ba3
Armenia	USD	3.95	9/26/2029	5.8	500	74.7	8.8	B+/-/Ba3
Armenia	USD	3.6	2/2/2031	6.7	750	69.6	8.7	B+/-/Ba3
Belarus	USD	6.875	2/28/2023	0.2	800	18.8	547.7	CCC/CC *-/Cau
Belarus	USD	7.625	6/29/2027	2.1	600	16.1	67.6	CCC/CC *-/Cau
Belarus	USD	6.2	2/28/2030	2.4	600	15.3	49.8	CCC/CC *-/Cau
Georgia	USD	2.75	4/22/2026	3.4	500	83.1	8.0	BB/BB/Ba2
Kazakhstan	USD	3.875	10/14/2024	2.1	1,500	101.2	3.3	BBB/BBB-/Baa2
Kazakhstan	USD	5.125	7/21/2025	2.7	2,500	103.9	3.8	BBB/BBB-/Baa2
Kazakhstan	USD	6.5	7/21/2045	11.6	1,500	100.9	6.4	BBB/BBB-/Baa2
Kazakhstan	USD	4.875	10/14/2044	12.4	1,000	83.7	6.2	BBB/BBB-/Baa2
Russia	USD	4.875	9/16/2023	0.7	3,000	27.7	151.8	WD/NR/WR
Russia	USD	12.75	6/24/2028	2.7	2,500	25.5	50.6	WD/NR/WR
Russia	USD	5.625	4/4/2042	6.1	3,000	29.7	19.3	WD/NR/WR
Russia	USD	5.875	9/16/2043	5.2	1,500	27.0	21.7	WD/NR/WR
Ukraine	USD	7.75	9/1/2023	0.6	1,355	33.3	139.3	CCC/CCC+/Caa3u
Ukraine	USD	7.75	9/1/2024	1.2	1,339	26.3	91.8	CCC/CCC+/Caa3u
Ukraine	USD	7.75	9/1/2025	1.7	1,329	26.3	66.0	CCC/CCC+/Caa3u
Ukraine	USD	7.75	9/1/2026	2.2	1,318	26.8	52.8	CCC/CCC+/Caa3u
Ukraine	USD	7.75	9/1/2027	2.5	1,307	26.7	45.8	CCC/CCC+/Caa3u
Ukraine	USD	9.75	11/1/2028	2.5	1,600	26.5	46.5	CCC/CCC+/-
Ukraine	USD	7.375	9/25/2032	3.3	3,000	25.7	33.0	CCC/CCC+/-
Ukraine	USD	6.876	5/21/2029	3.3	1,250	25.7	37.8	CCC/CCC+/-
Uzbekistan	USD	4.75	2/20/2024	1.5	500	95.5	7.8	BB-/BB-/B1u
Uzbekistan	USD	5.375	2/20/2029	5.3	500	88.1	7.7	BB-/BB-/
Uzbekistan	USD	3.7	11/25/2030	6.7	555	72.8	8.3	BB-/BB-/
Uzbekistan	USD	2.75	4/22/2026	3.4	500	83.1	8.0	BB/BB/Ba2
Uzbekistan	USD	3.9	10/19/2031	7.2	635	71.5	8.4	BB-/BB-/
Turkey	USD	3.25	3/23/2023	0.7	1,500	97.1	7.5	B+/-/B2
Turkey	USD	5.75	3/22/2024	1.5	2,500	93.7	9.8	B+/-/B2
Turkey	USD	7.375	2/5/2025	2.2	3,250	93.9	10.1	B+/-/B2
Turkey	USD	4.25	4/14/2026	3.3	1,500	81.2	10.4	B+/-/B2
Turkey	USD	6	3/25/2027	3.8	3,250	83.1	10.6	B+/-/B2
Turkey	USD	5.125	2/17/2028	4.5	2,000	77.1	10.6	B+/-/B2
Turkey	USD	11.875	1/15/2030	4.7	1,500	106.1	10.7	B+/-/B2
Turkey	USD	7.625	4/26/2029	4.9	3,000	85.4	10.7	B+/-/B2
Turkey	USD	5.95	1/15/2031	5.9	2,250	73.5	10.8	-/-/B2
Turkey	USD	8	2/14/2034	6.8	1,500	85.3	10.2	B+/-/B2
Turkey	USD	6.875	3/17/2036	7.6	2,750	73.9	10.5	B+/-/B2
Turkey	USD	7.25	3/5/2038	8.0	1,000	76.3	10.3	B+/-/B2
Turkey	USD	6	1/14/2041	8.7	3,000	64.4	10.4	B+/-/B2
Turkey	USD	6.625	2/17/2045	9.1	3,000	68.4	10.2	B+/-/B2
Turkey	USD	5.75	5/11/2047	10.0	3,500	62.5	9.8	B+/-/B2

Corporates - Financial

Issuer	Currency	Coupon	Maturity	Duration	Amount, US\$ mn	Mid price	YTM Mid	Ratings (Fitch/S&P/Moody's)
BANK OF GEORGIA JSC	USD	6	7/26/2023	1.0	350	98.7	7.3	BB-/-/Ba2
TBC BANK JSC	USD	5.75	6/19/2024	1.8	300	98.7	6.5	BB-/-/Ba2
AKBNK	USD	5	10/24/2022	0.3	500	99.4	7.1	B-/B2
AKBNK	USD	5.125	3/31/2025	2.4	500	88.2	10.2	B-/B2
AKBNK	USD	6.5	1/28/2025	2.2	300	92.2	10.0	B+/-/Ba3
Credit Bank of Moscow	USD	5.55	2/14/2023	0.2	500	24.5	454.5	WD/NR/WR
Credit Bank of Moscow	USD	7.121	6/25/2024	1.3	500	24.5	97.3	WD/NR/-
Credit Bank of Moscow	USD	4.7	1/29/2025	1.7	600	23.1	78.0	WD/NR/-
Garanti Bank	USD	5.25	9/13/2022	0.2	750	99.6	7.4	B-/B2
Garanti Bank	USD	5.875	3/16/2023	0.7	500	98.7	7.9	B-/B2
TURKIYE IS BANKASI	USD	6	10/24/2022	0.3	1,000	99.4	7.9	B-/-/Caa2
TURKIYE IS BANKASI	USD	7.85	12/10/2023	1.3	400	98.6	8.9	B-/-/Caa3
TURKIYE IS BANKASI	USD	6.125	4/25/2024	1.6	1,250	93.4	10.2	B-/B3
TURKIYE IS BANKASI	USD	8.1	12/3/2029	4.8	50	80.7	12.2	B-/NR
Yapi Kredi Bank	USD	5.85	6/21/2024	1.8	500	92.7	10.1	B-/B2
Ziraat Bank	USD	5.125	9/29/2023	1.1	500	95.8	8.8	B-/B2
Sberbank	USD	5.25	5/23/2023	0.3	1,000	13.3	439.2	WD/-/-
International Bank of Azerbaijan	USD	3.5	9/1/2024	2.0	1,000	95.3	5.9	B/-/-
Alfa Bank	USD	6.95	n/a	0.4	500	9.1	75.9	WD/-/WR
TINKOF	USD	9.25	n/a	0.0	300	20.8	49.8	WD/-/-
GEOCAP 24	USD	6.125	3/9/2024	1.5	300	95.8	8.9	-/B+/B1

Corporates - Communications

Issuer	Currency	Coupon	Maturity	Duration	Amount, US\$ mn	Mid price	YTM Mid	Ratings (Fitch/S&P/Moody's)
SILKNET JSC	USD	8.375	1/31/2027	3.6	300	97.4	9.1	B-/B1
TURK TELEKOMUNIKASYON AS	USD	4.875	6/19/2024	1.8	500	89.2	11.2	B+/B+/-
TURK TELEKOMUNIKASYON AS	USD	6.875	2/28/2025	2.3	500	90.2	11.2	B+/B+/-
TURKCELL ILETISIM HIZMET	USD	5.75	10/15/2025	2.8	500	87.9	10.2	B+/B+/B2u
TURKCELL ILETISIM HIZMET	USD	5.8	4/11/2028	4.5	500	79.2	10.7	B+/B+/-
VEON	USD	4.95	6/16/2024	1.7	900	79.7	17.8	B+/NR/WR
VEON	USD	7.25	4/26/2023	0.7	700	83.1	32.7	B+/NR/WR
Vodafone Ukraine	USD	6.2	2/11/2025	2.1	500	66.0	24.7	CCC/CCC+/-

Corporates - Industrial

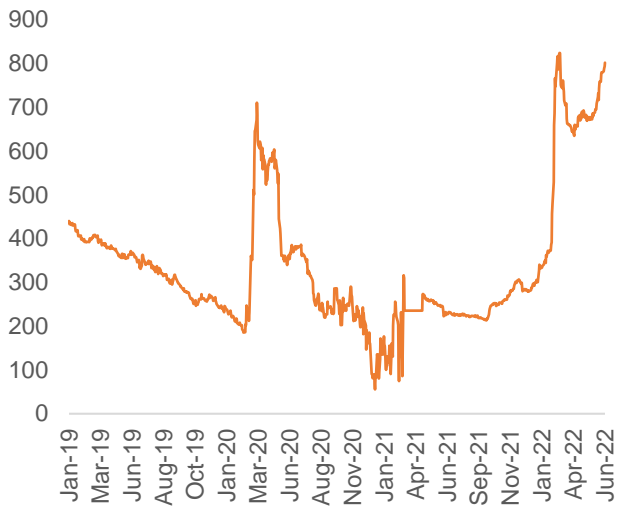
Issuer	Currency	Coupon	Maturity	Duration	Amount, US\$ mn	Mid price	YTM Mid	Ratings (Fitch/S&P/Moody's)
GEORGIAN RAILWAY JSC	USD	4	6/17/2028	5.1	500	84.7	7.2	BB-/B+/-
KAZAKHSTAN TEMIR ZHOLY	USD	6.95	7/10/2042	9.9	1,100	90.4	7.9	BBB-/BB/Baa3
Russian Railways	USD	4.375	3/1/2024	0.9	500	20.2	135.9	WD/-/WR
Ukrainian Railway	USD	8.25	7/9/2024	1.1	595	29.6	89.9	CCC/-/-
Ukrainian Railway	USD	7.875	7/15/2026	2.2	300	30.7	48.6	CCC/-/-

Corporates - Utilities

Issuer	Currency	Coupon	Maturity	Duration	Amount, US\$ mn	Mid price	YTM Mid	Ratings (Fitch/S&P/Moody's)
Georgian Global Utilities	USD	7.75	7/30/2025	1.9	250	105.8	6.1	B+/B/-

Georgia

YTM on GEORGIA 21 & 26, bps



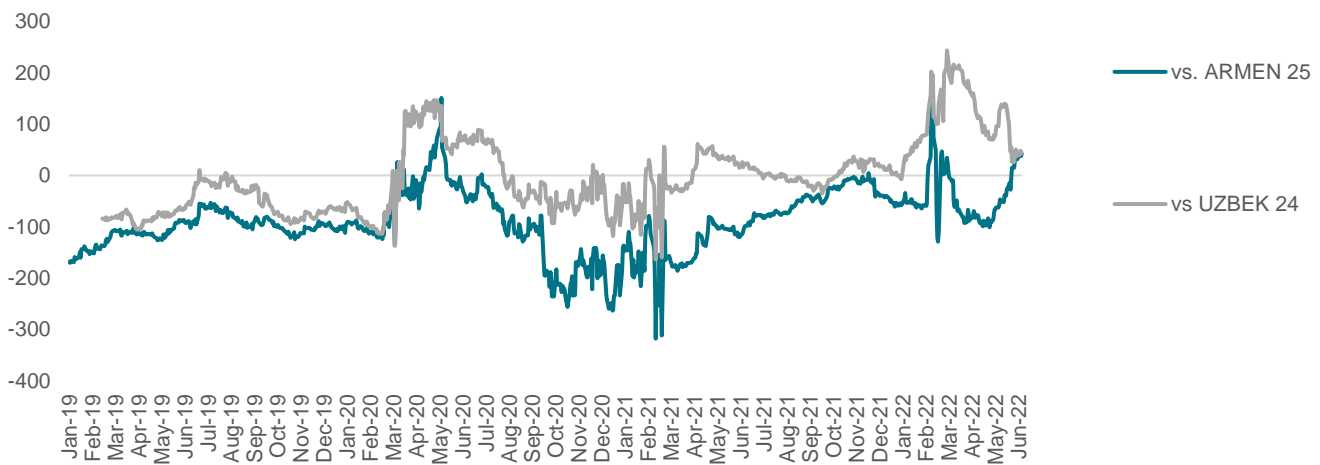
Source: Bloomberg
Note: For the period of 15 March-22 April 2021 a constant yield is taken for GEORGIA 21.
From 22 April, GEORGIA 21 is replaced by a new GEORGIA 26 Eurobond

Georgia vs US treasury/BB peers, bps



Source: Bloomberg

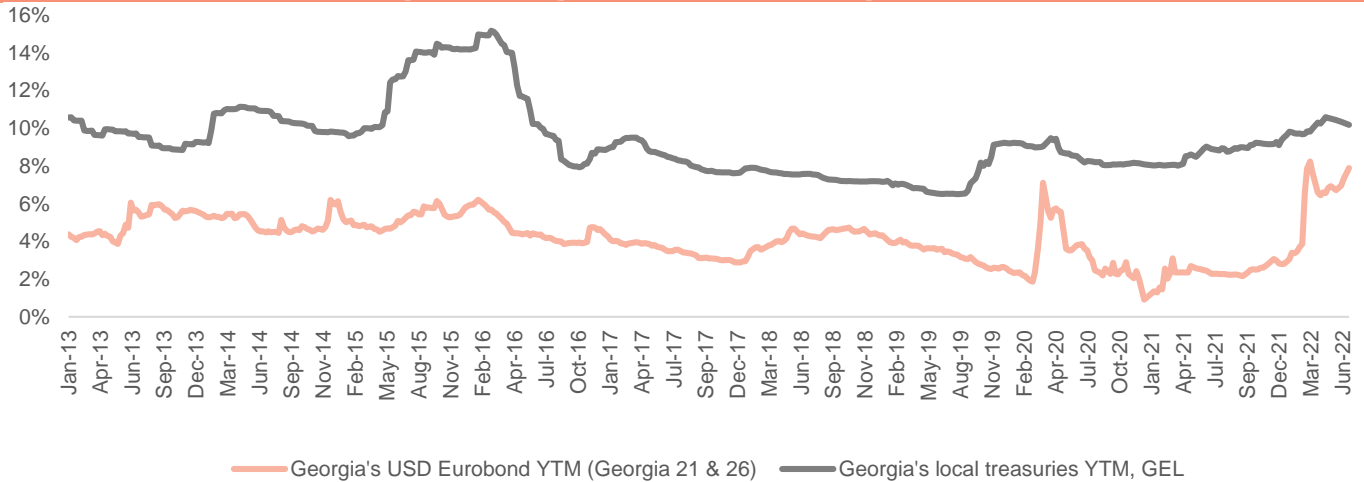
GEORGIA 21 & 26 vs regional peers, bps



Source: Bloomberg, Galt & Taggart Research

Georgian local treasury bonds

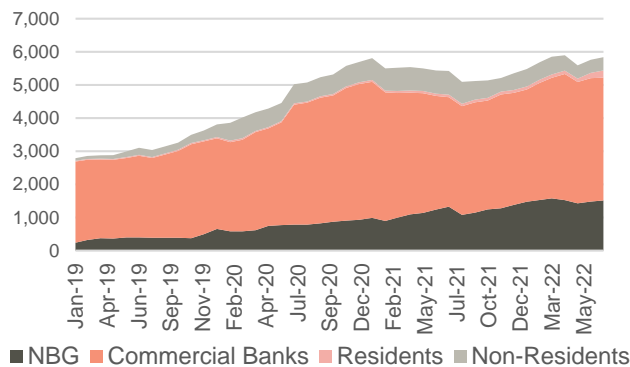
Georgia sovereign Eurobond vs. Georgian treasuries



Source: Bloomberg, NBG, Galt & Taggart Research

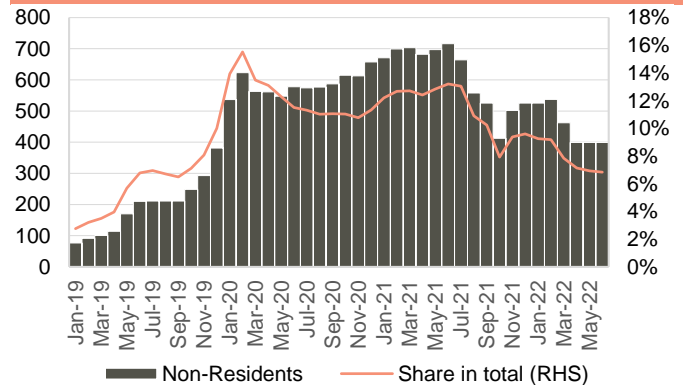
Note: LC treasury yields are derived from daily yield curve information from NBG. From April 2021 calculation is based on a new GEORGIA 26 Eurobond

Georgian treasury securities by holder, GEL mn



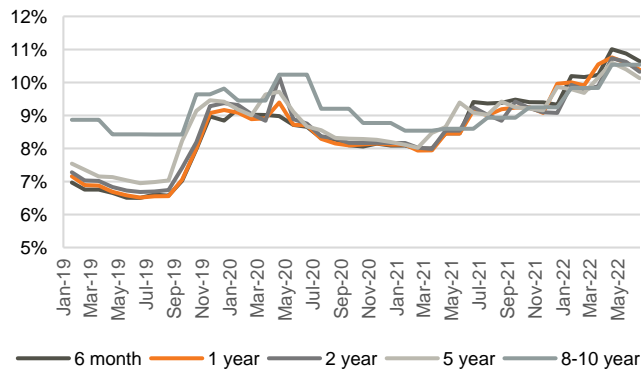
Source: NBG

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



Source: NBG

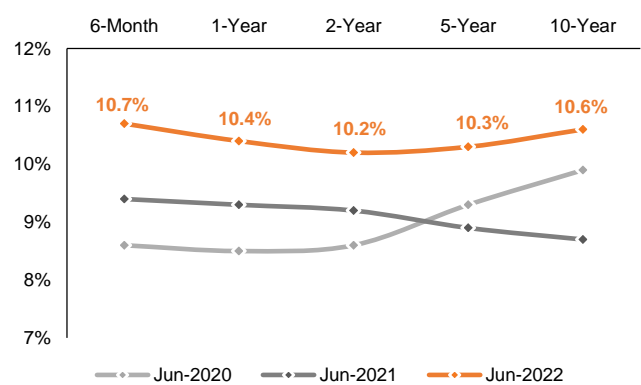
Interest rates on Georgian treasury securities



Source: NBG

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

Georgian treasury yield curve

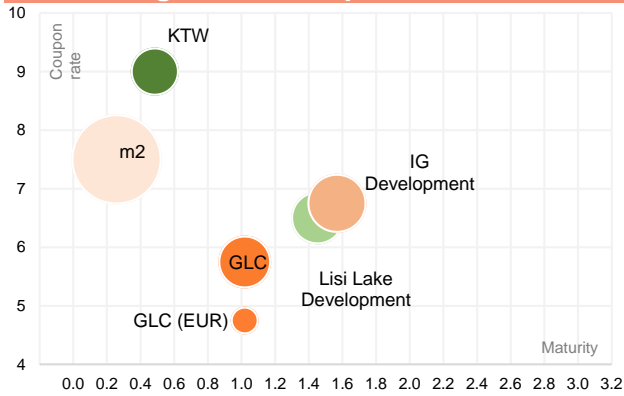


Source: NBG

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

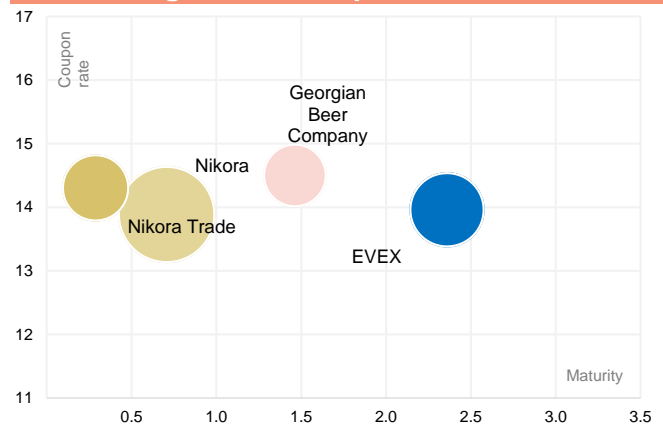
Georgian local corporate bonds

Georgian local corporate bonds, FX



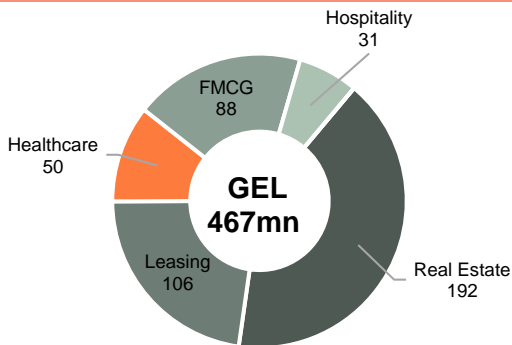
Source: NBG, Galt & Taggart Research
Note: The size of the bubble corresponds to the size of issuance

Georgian local corporate bonds, GEL



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

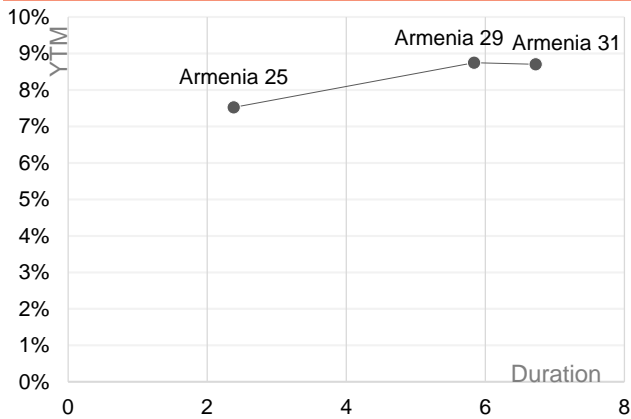
Local corporate bond distribution by sector, June-2022



Source: NBG, Galt & Taggart Research

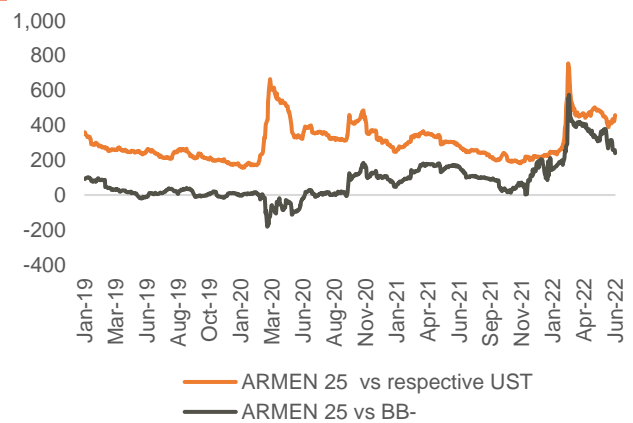
Regional economies

Armenia's yield curve



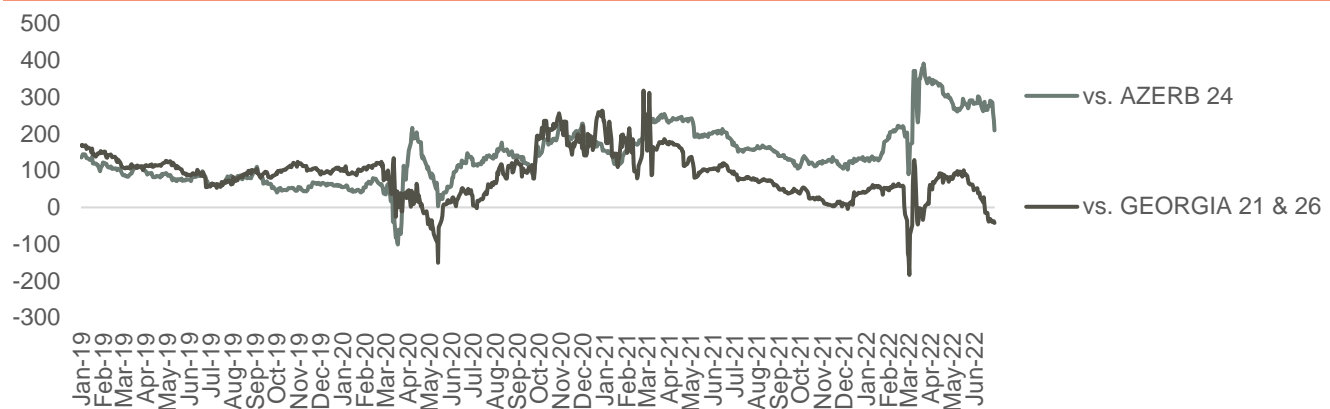
Source: Bloomberg

Armenia vs US treasury/BB/B peers, bps



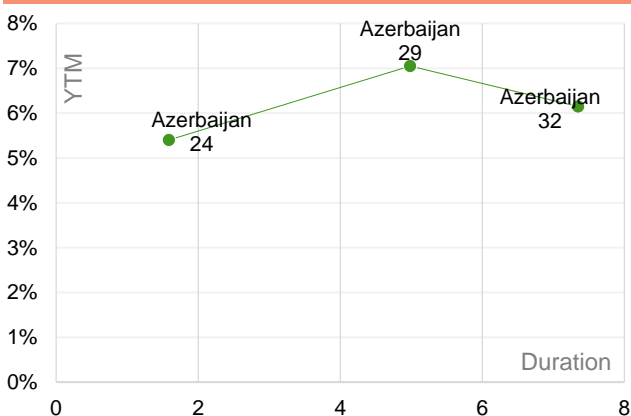
Source: Bloomberg

ARMENIA 25 vs regional peers, bps



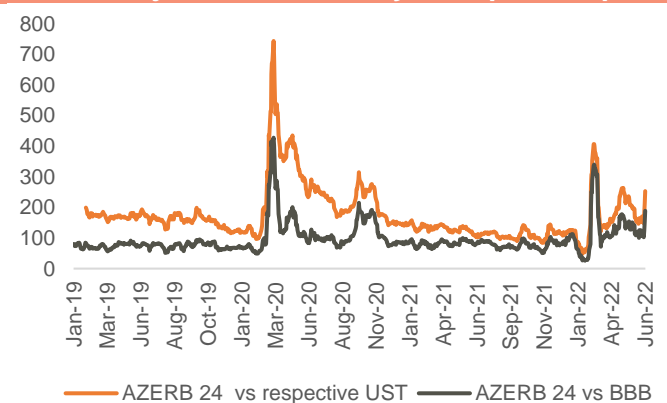
Source: Bloomberg, Galt & Taggart Research

Azerbaijan's yield curve



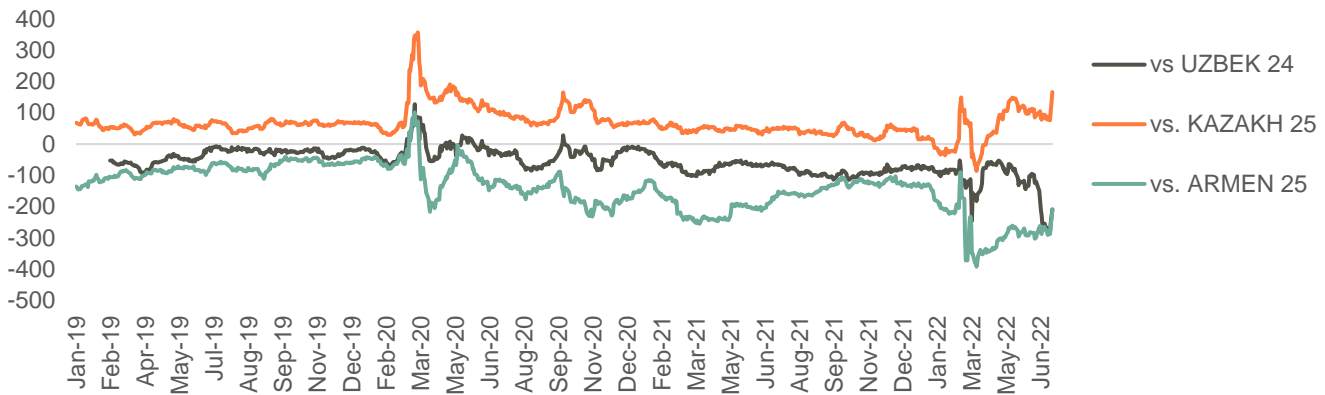
Source: Bloomberg

Azerbaijan vs US treasury/BBB peers, bps



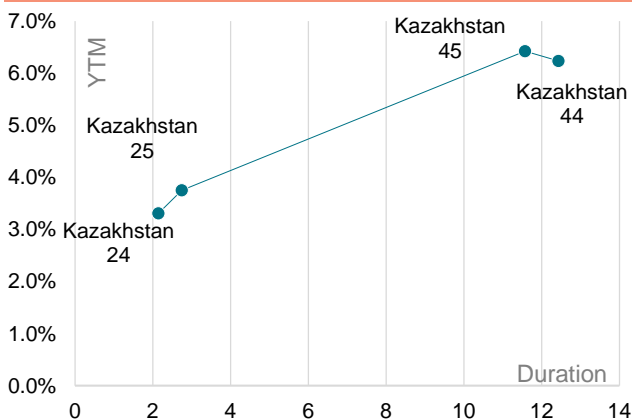
Source: Bloomberg

Azerbaijan 24 vs regional peers, bps



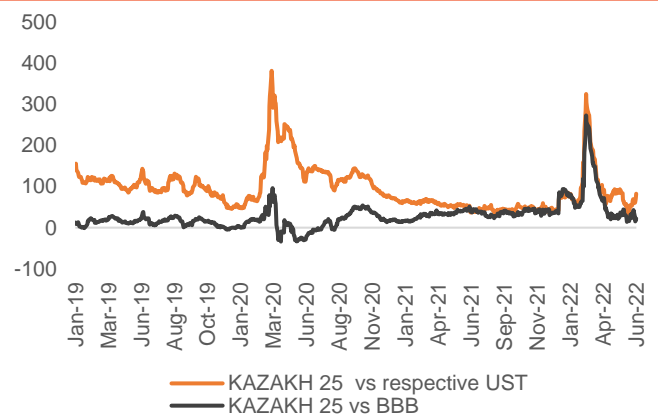
Source: Bloomberg, Galt & Taggart Research

Kazakhstan's yield curve



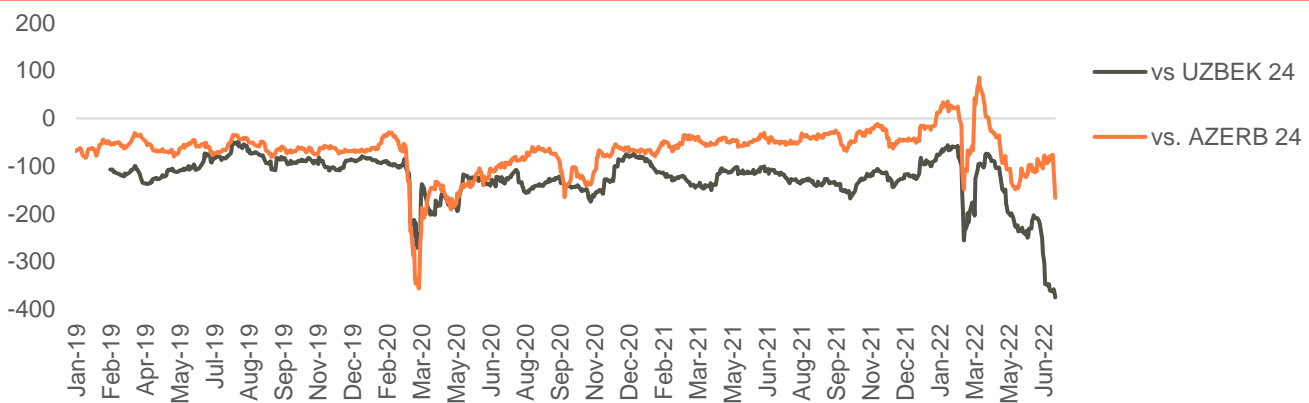
Source: Bloomberg

Kazakhstan vs US treasury/BBB peers, bps



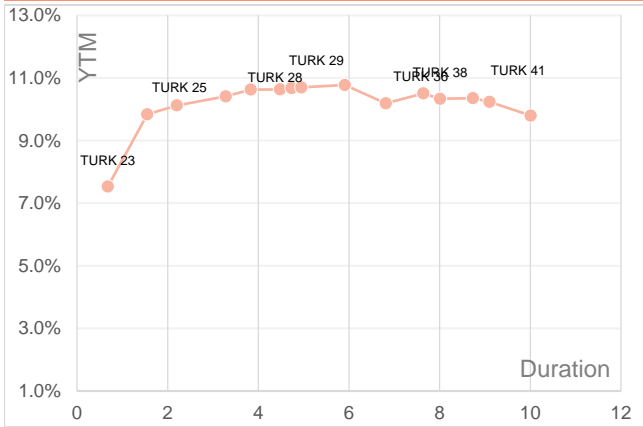
Source: Bloomberg

Kazakhstan 25 vs regional peers, bps



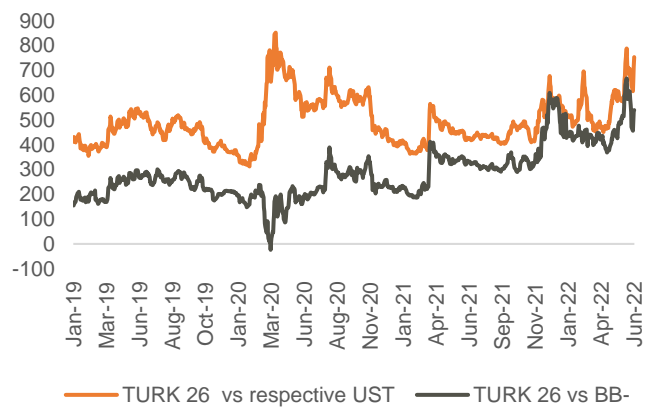
Source: Bloomberg, Galt & Taggart Research

Turkey's yield curve



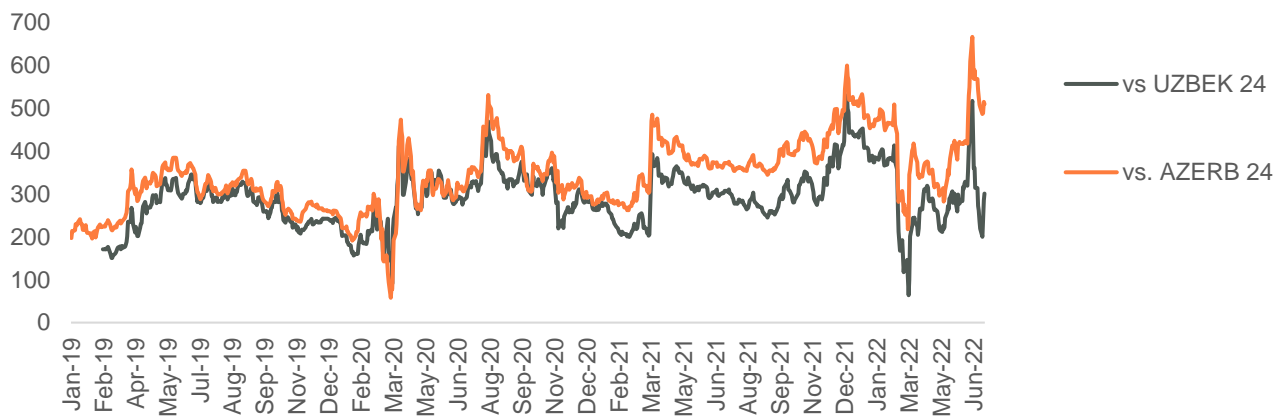
Source: Bloomberg

Turkey vs US treasury/BB- peers, bps



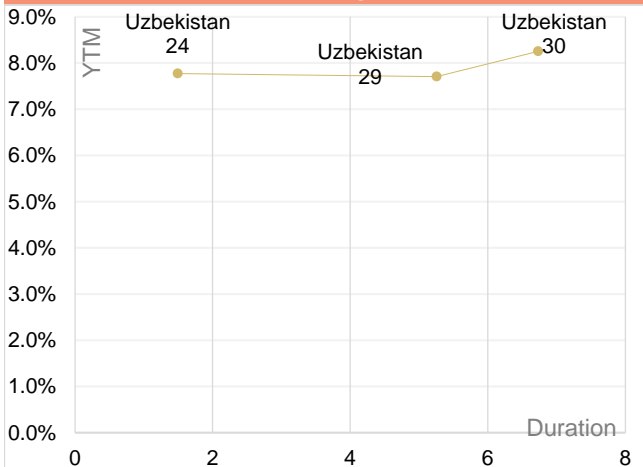
Source: Bloomberg

TURKEY 26 vs regional peers, bps



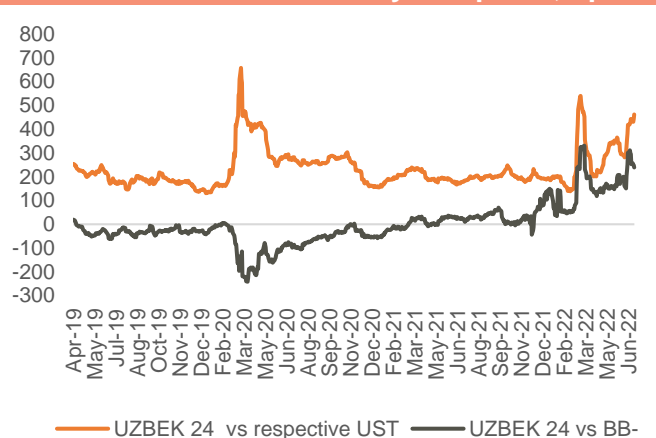
Source: Bloomberg, Galt & Taggart Research

Uzbekistan's yield curve



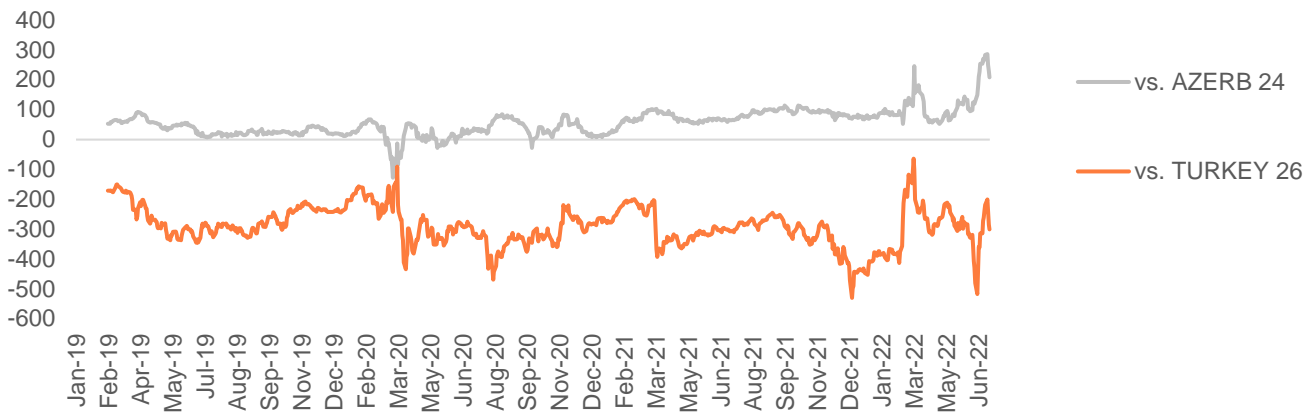
Source: Bloomberg

Uzbekistan vs US treasury/BB- peers, bps



Source: Bloomberg

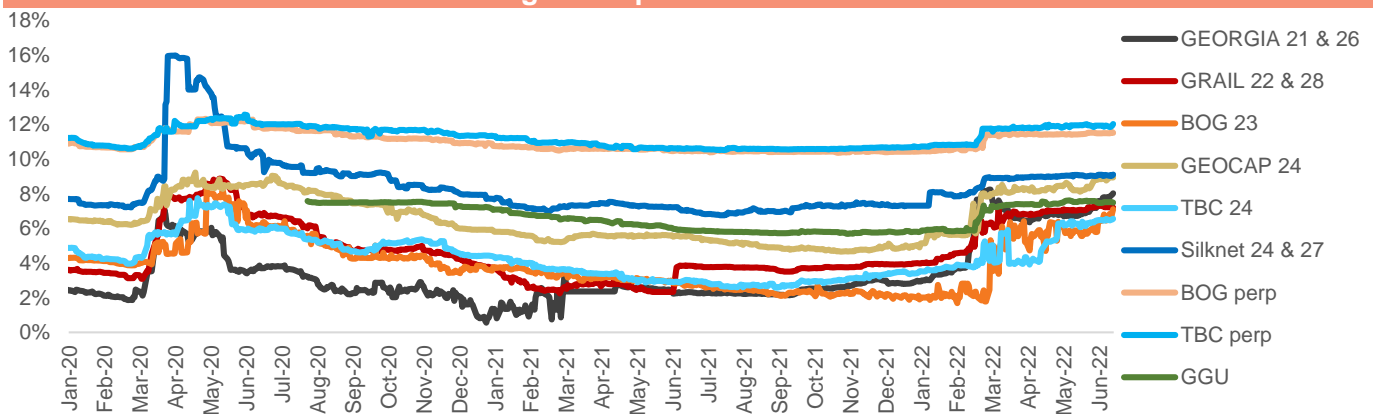
Uzbekistan 24 vs regional peers, bps



Source: Bloomberg, Galt & Taggart Research

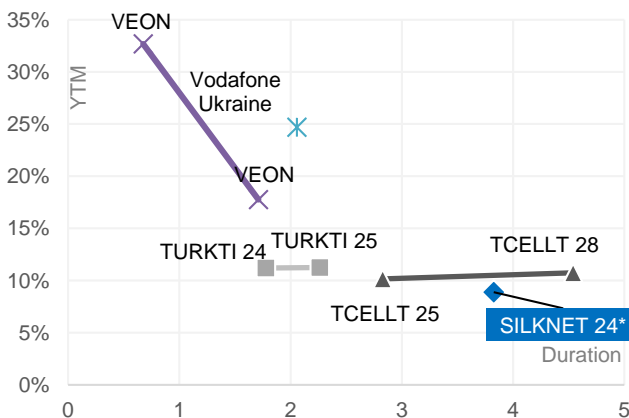
Georgian corporate Eurobonds

Georgian corporate Eurobond YTM



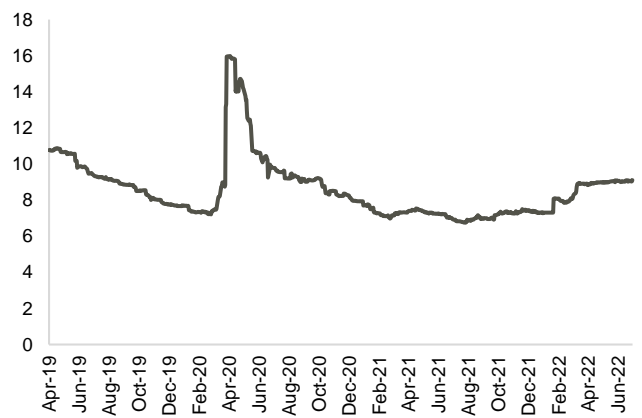
Source: Bloomberg

Regional telecom universe



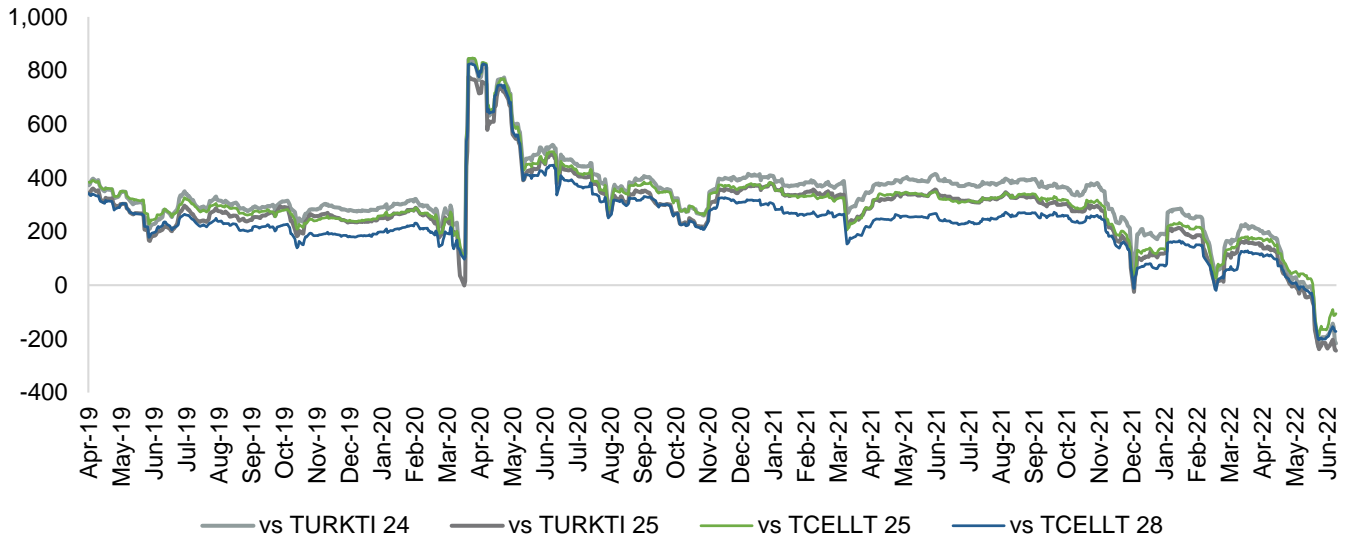
Source: Bloomberg

YTM on Silknet, bps



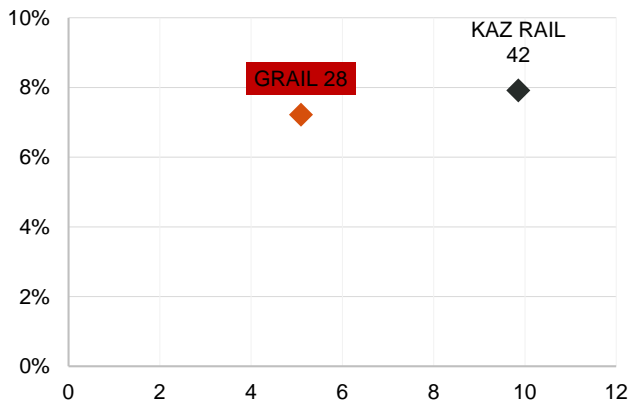
Source: Bloomberg

Silknet vs regional peer telecom operators, bps



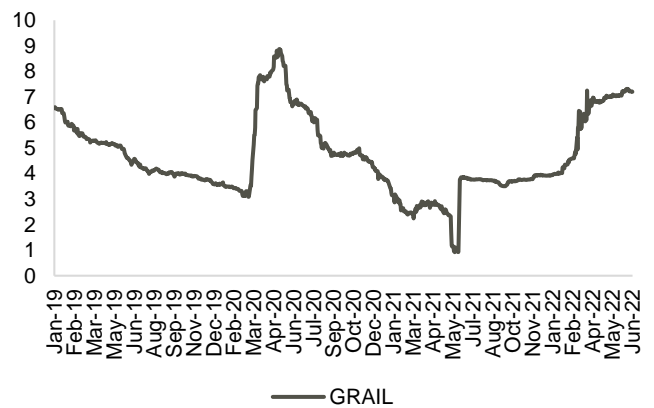
Source: Bloomberg, Galt & Taggart Research

YTM of regional railways



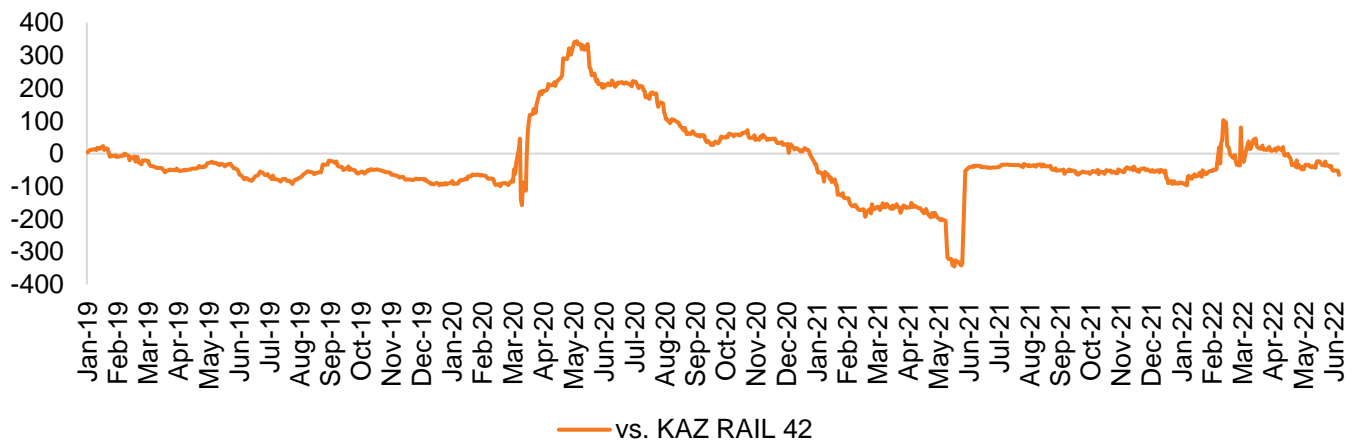
Source: Bloomberg

YTM on GRAIL 22 & 28, bps



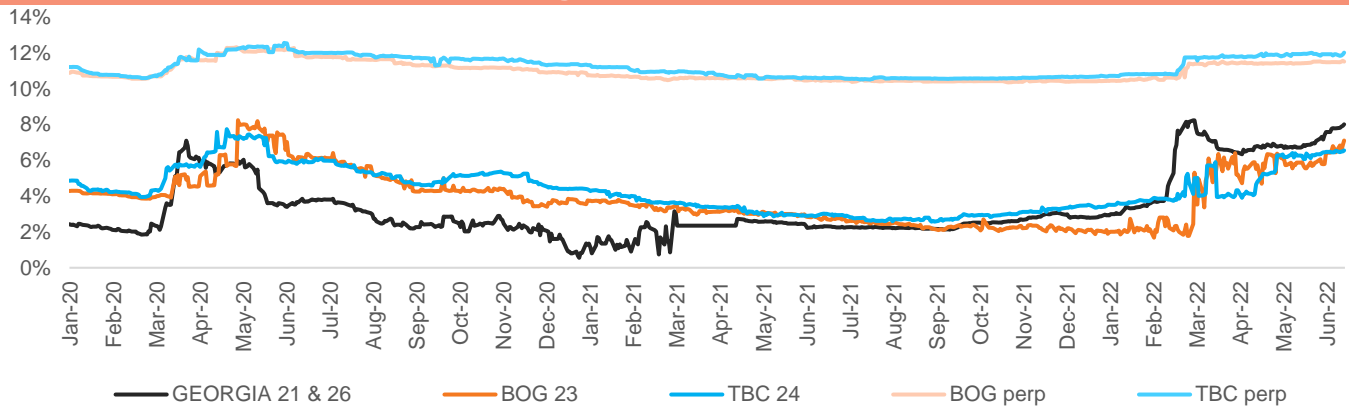
Source: Bloomberg
Note: The chart combines GRAIL 22 which was repurchased in June 2021 as well as the newly issued GRAIL 28 Eurobond.

GRAIL vs regional peer railways, bps



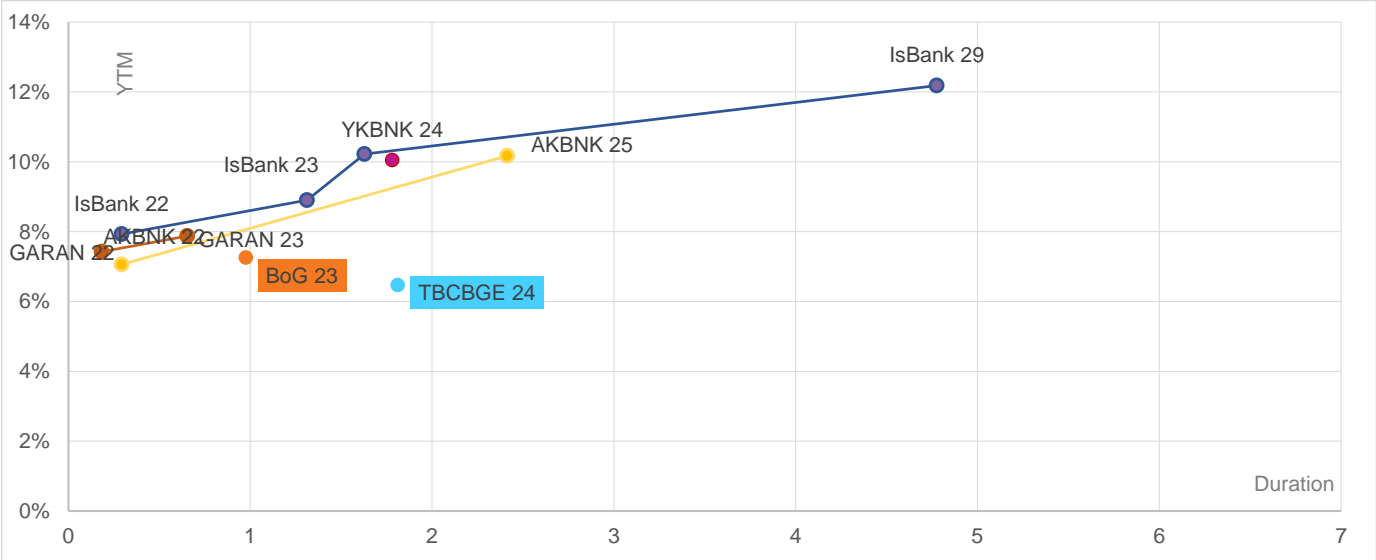
Source: Bloomberg, Galt & Taggart Research

YTM on Georgian banks and GEORGIA 21 & 26



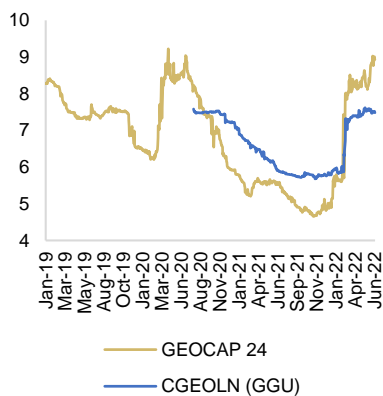
Source: Bloomberg

YTM of Private banks in the region



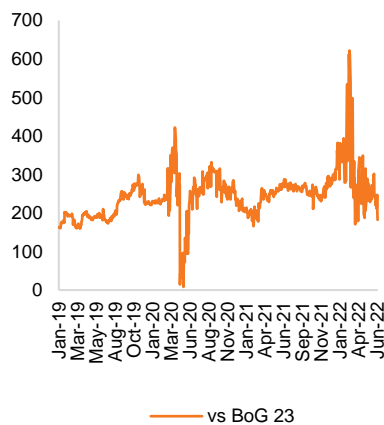
Source: Bloomberg, Galt & Taggart Research

YTM on GEOCAP and CGEOLN (GGU)



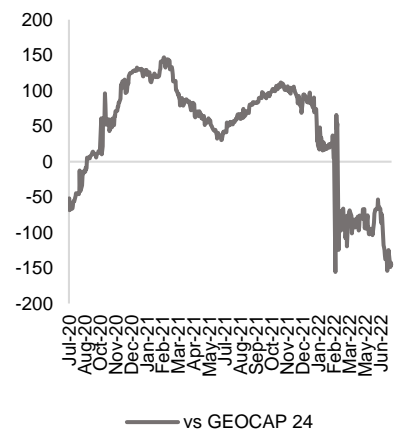
Source: Bloomberg

GEOCAP's spread over BoG 23, bps



Source: Bloomberg

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



Source: Bloomberg

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