



## Economy

### Trade deficit increased by 39.3% y/y in Aug-22

In Aug-22, exports increased by 40.4% y/y to US\$ 470.6mn, after a 40.3% y/y growth in previous month. Imports growth accelerated up by 39.7% y/y to a record high of US\$ 1.2bn in August (growth was 27.3% y/y in Jul-22). As a result, the trade deficit increased markedly by 39.3% y/y to all-time high US\$ 743.0mn, after a 17.2% y/y growth in July. Overall, in 8M22, trade deficit was up by 36.2% y/y to US\$ 4.8bn, as exports increased by 36.9% y/y to US\$ 3.6bn, while imports were up by 36.5 % y/y to US\$ 8.4bn.

### Money transfers increased by 63.1% y/y in Aug-22

Money transfers increased by 63.1% y/y to US\$ 334.3mn in Aug-22, according to NBG, after a 46.8% y/y growth in previous month. From major remitting countries, money transfers increased from Russia (+194.6% y/y accounting for 33.2% of total, part of this funds related to migration), followed by Italy (+8.8% y/y, 10.9% of total), USA (+18.6% y/y, 8.7% of total), Israel (+7.7% y/y, 5.4% of total) and Armenia (+15.2x y/y, 5.1% of total). Meanwhile, transfers continued to reduce from Greece (-2.9% y/y, 5.6% of total) and Turkey (-2.5% y/y, 2.7% of total). Overall, in 8M22 remittances increased by 62.2% y/y to US\$ 2.4bn.

### Tourism revenues hit another record high monthly figure in Aug-22

Total international visitors stood at 742,247 persons in Aug-22 – up 178.5%y/y and recovering at 68.3% of 2019 level. This growth was mainly driven by the increase in tourist arrivals up 135.8% y/y and accounting for 77.4% of 2019 level. Recovery in same-day trips also accelerated, up 724.2% y/y, recovering at 47.8% of 2019 level. Most visitors came from Russia (28.7% of total), followed by Armenia (18.7% of total), and Turkey (14.0% of total).

Notably, tourism revenues hit another record high monthly figure US\$ 522.9mn in Aug-22, surpassing 2019 level by 26.7%. Overall, in 8M22 tourist arrivals stood at 2.3mn persons (+155.0% y/y, 65.3% of 8M19 level) and tourism revenues reached US\$ 2.1bn (+204.3% y/y, 94.6% of 8M19 level) For more information see [here](#).

### NBG keeps key rate unchanged at 11.0%

The NBG kept its key rate unchanged at 11.0% on 14 September 2022 meeting. According to NBG, some positive trends observed on international markets (reduction in oil prices, shipping costs and food prices) expected to be gradually transmitted to the local market and favorably affect the inflation dynamics. In August, inflation in Georgia slowed further to 10.9% and the regulator expects inflation to decline in coming months and gradually approach the target level of 3.0% from the 2H23. The next committee meeting is scheduled for 26 October 2022.

### IMF revised Georgia's growth forecast up

IMF team visited Georgia in September 8-14, 2022 to discuss recent economic and financial developments and progress on reform priorities. Based on end-of-mission statement: "The Georgian economy is set to achieve strong growth this year despite a challenging external environment. A faster-than-expected recovery of tourism, a surge in inbound money transfers, and immigration-related flows have helped strengthen the external position and sustain domestic demand. Growth projections have been revised up to 9.0% in 2022 as expected negative effects of the war in Ukraine have not materialized so far. The continued strong recovery has reinforced the soundness of the banking sector. Headline inflation has begun to decelerate, although it remains well above the NBG's target".

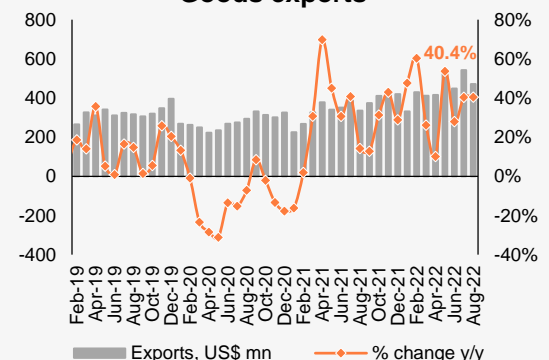
### Key macro indicators

	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)	12.5%	10.1%
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

### Goods exports



Source: Geostat

### Tourism revenues



Source: NBG

# Money market

## Ministry of Finance T-Bills:

1-year GEL 30.0mn (US\$ 10.6mn) T-Bills were sold at the auction held at NBG on August 9, 2022. Total demand was 2.2x higher and the weighted average yield was fixed at 9.807%, down by 0.111ppts from previous auction held in Aug-22.

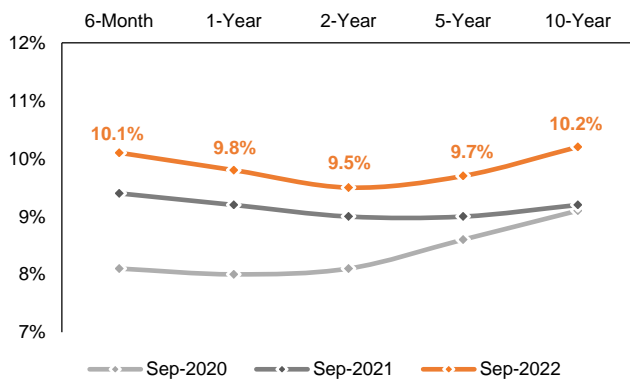
The nearest treasury security auction is scheduled for September 27, 2022, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	180	60	120
1-year	205	90	265
2-year	660	240	1,140
5-year	675	360	3,206
10-year	75	25	1,396
<b>Total</b>	<b>1,795</b>	<b>775</b>	<b>6,127</b>

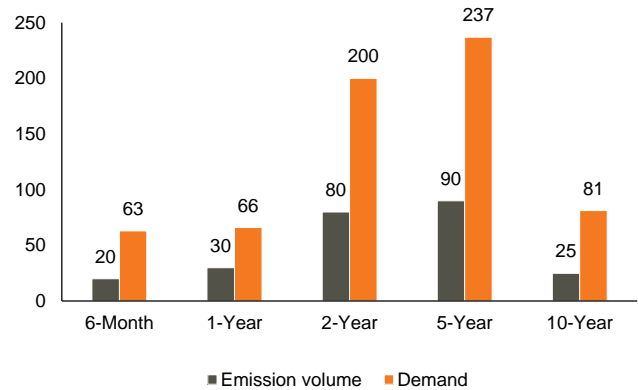
Source: MoF  
\*As of July 2022

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



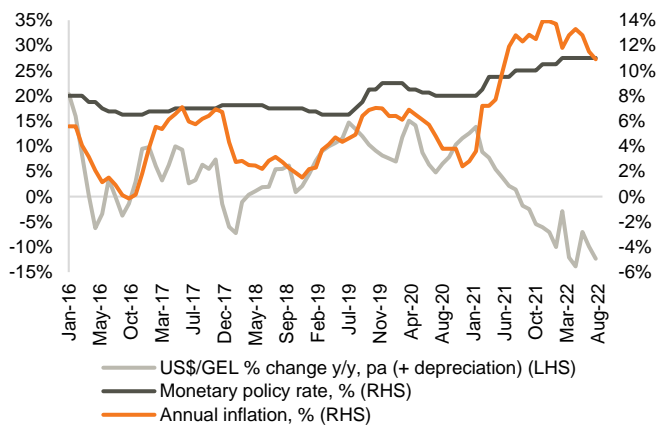
Source: NBG

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



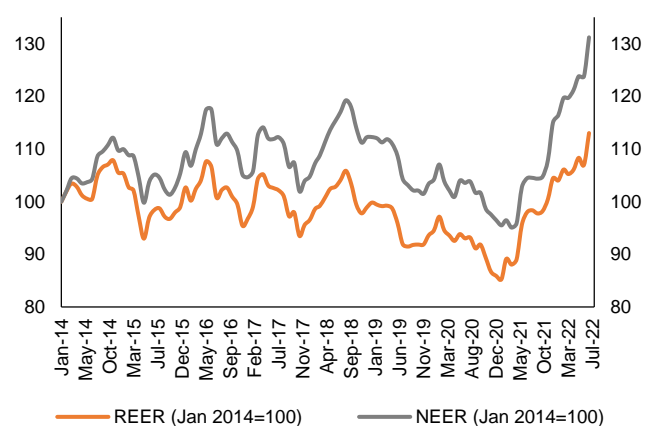
Source: NBG

## 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

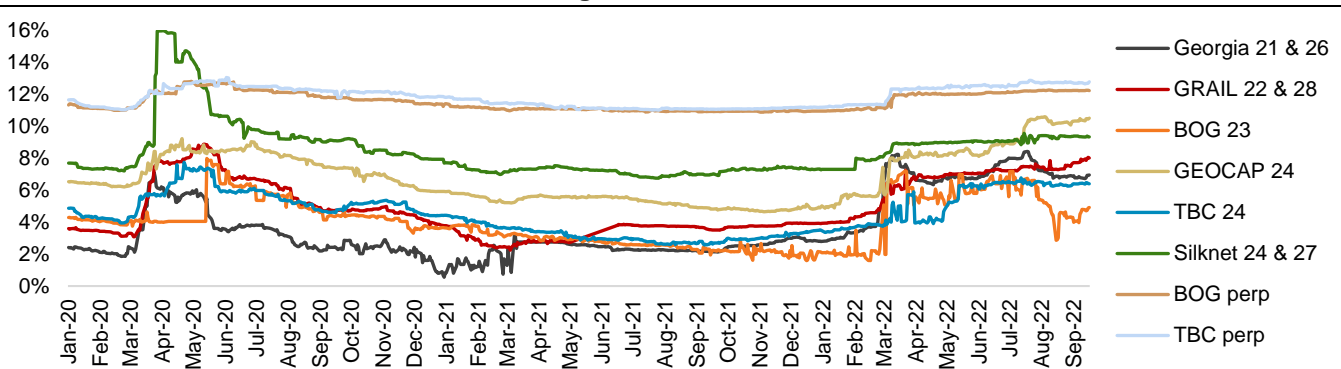
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 4.92% yield, trading at 100.92 (-0.09% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.16 (-0.11% w/w), yielding 10.51%.

Georgian Railway Eurobonds (GRAIL) traded at 81.81 (-0.81% w/w), yielding 8.01%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 86.86 (-0.55% w/w) at 6.95% 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	86.86	6.95	332.11
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	81.81	8.01	460.95
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	100.92	4.92	80.93
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.54	12.23	733.52
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	94.16	10.51	638.11
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	96.59	9.34	578.86
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.92	6.41	234.19
TBC PERP	USD	125	10.775%	n/a	B-/-/-	96.88	12.78	854.86

**Georgian local bonds performance**

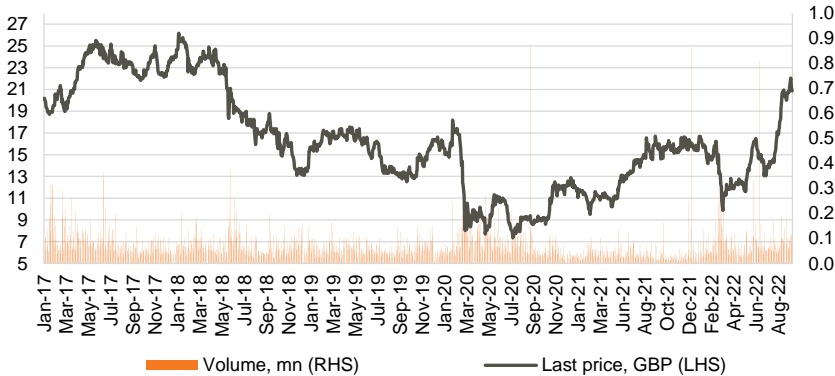
Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.98	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.85	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.89	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.91	4.83	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.48	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.50	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

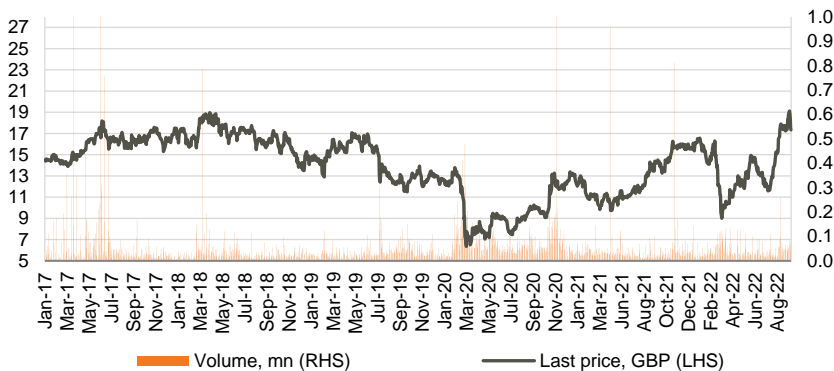
### Bank of Georgia Group (BGEO LN)



**Bank of Georgia Group (BGEO LN)** shares closed at GBP 20.85/share (-1.88% w/w and +8.37% m/m). More than 587k shares traded in the range of GBP 20.55 - 22.15/share. Average daily traded volume was 100k in the last 4 weeks. The volume of BGEO shares traded was at 1.20% of its capitalization.

Source: Bloomberg

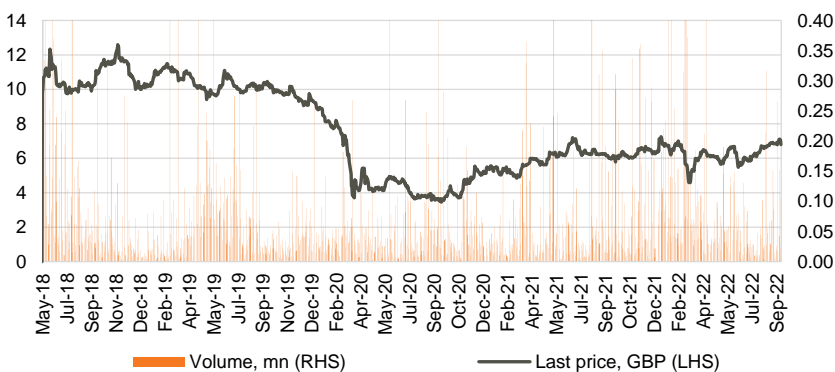
### TBC Bank Group (TBCG LN)



**TBC Bank Group (TBCG LN)** closed the week at GBP 17.34/share (-7.86% w/w and -0.34% m/m). More than 327k shares changed hands in the range of GBP 16.96 - 19.24/share. Average daily traded volume was 53k in the last 4 weeks. The volume of TBCG shares traded was at 0.59% of its capitalization.

Source: Bloomberg

### Georgia Capital (CGEO LN)



**Georgia Capital (CGEO LN)** shares closed at GBP 6.80/share (-1.16% w/w and +2.26% m/m). More than 326k shares traded in the range of GBP 6.80 - 7.16/share. Average daily traded volume was 65k in the last 4 weeks. The volume of CGEO shares traded was at 0.70% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	20.85	1,025	84.5%	35.6%	25.0%	5.96x	4.57x	4.51x	1.34x	1.09x	0.93x
TBC	TBC	GBP	17.34	956	73.4%	22.5%	5.1%	5.03x	4.23x	3.89x	1.09x	0.85x	0.73x
Halyk Bank	HSBK	USD	9.70	2,645	10.9%	-43.9%	-41.2%	2.49x	2.33x	2.93x	0.73x	0.64x	0.54x
Akbank	AKBNK	TRY	12.19	63,388	68.4%	120.0%	69.3%	5.05x	1.78x	3.00x	0.81x	0.72x	0.68x
Garanti	GARAN	TRY	21.78	91,476	83.6%	129.3%	93.3%	6.57x	2.95x	3.76x	1.11x	1.00x	0.81x
Isbank	ISCTR	TRY	8.76	39,420	129.3%	264.5%	170.7%	2.81x	1.20x	1.59x	0.97x	0.93x	0.79x
PKO	PKO	PLN	23.66	29,575	-40.5%	-45.4%	-47.3%	6.11x	6.98x	5.56x	0.79x	1.03x	0.85x
PEKAO	PEO	PLN	68.20	17,900	-39.5%	-35.4%	-44.1%	8.29x	10.27x	5.61x	0.76x	0.91x	0.81x
Millennium	MIL	PLN	3.86	4,687	-39.2%	-41.1%	-52.8%	na	11.93x	3.22x	0.71x	1.17x	0.80x
Mbank	MBK	PLN	251.60	10,664	-31.1%	-36.5%	-41.9%	na	3.74x	4.58x	0.78x	0.92x	0.84x
BRD	BRD	RON	12.76	8,892	-25.9%	-31.4%	-27.9%	6.77x	7.62x	7.20x	0.90x	1.24x	1.18x
Banca Transilvania	TLV	RON	19.20	121,180	-15.2%	-20.1%	-16.6%	na	na	na	1.34x	1.40x	1.32x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	13.07x	11.95x	0.65x	0.73x	0.71x
Komerčni	KOMB	CZK	670.00	127,333	-17.5%	-21.4%	-28.3%	10.19x	8.73x	9.65x	1.04x	1.15x	1.11x
<b>Mean</b>								<b>6.18x</b>	<b>6.11x</b>	<b>5.19x</b>	<b>0.93x</b>	<b>0.98x</b>	<b>0.86x</b>
<b>Median</b>								<b>6.11x</b>	<b>4.57x</b>	<b>4.51x</b>	<b>0.85x</b>	<b>0.96x</b>	<b>0.81x</b>

Source: Bloomberg, S&amp;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	6.80	317	22.5%	13.3%	-4.6%	1.92x	na	na	0.43x	na	na
Tinc Comm	TINC	EUR	13.38	487	-0.1%	2.1%	-0.4%	14.96x	na	na	1.02x	na	na
Sabanci Holding	SAHOL	TRY	26.76	54,601	60.6%	177.3%	102.3%	4.38x	6.21x	5.83x	1.03x	0.70x	0.64x
Deutsche Beteiligungs	DBAN	EUR	24.00	451	-19.3%	-36.2%	-39.8%	2.38x	na	7.90x	0.63x	0.93x	0.85x
Eurazeo	RF	EUR	57.15	4,528	-21.1%	-32.0%	-25.6%	2.86x	na	na	0.71x	0.71x	0.67x
Carlyle Group	CG	USD	30.76	10,960	-32.4%	-39.4%	-44.0%	3.68x	7.49x	6.68x	2.07x	2.43x	2.45x
Wendel SE	MF	EUR	76.50	3,423	-14.9%	-36.7%	-27.4%	3.26x	7.19x	7.10x	1.28x	1.36x	1.19x
HgCapital Trust	HGT	GBP	3.75	1,707	-10.7%	-6.0%	-10.8%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.50	676	-8.0%	-4.3%	-16.2%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	3.90	697	-5.6%	10.8%	-6.8%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	11.50	795	-7.3%	-15.1%	-20.4%	4.45x	na	na	0.75x	na	na
Symphony International Holding	SIHL	USD	0.51	259	32.5%	15.6%	22.0%	2.12x	na	na	0.53x	na	na
<b>Mean</b>								<b>4.45x</b>	<b>6.96x</b>	<b>6.88x</b>	<b>0.94x</b>	<b>1.22x</b>	<b>1.16x</b>
<b>Median</b>								<b>3.26x</b>	<b>7.19x</b>	<b>6.89x</b>	<b>0.75x</b>	<b>0.93x</b>	<b>0.85x</b>

Source: Bloomberg, S&amp;P Capital IQ

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### **Galt & Taggart**

**Address:** 3 A. Pushkin Street, Tbilisi 0105, Georgia

**Tel:** + (995) 32 2401 111

**Email:** [research@gt.ge](mailto:research@gt.ge)