



## Economy

### NBG cut its key rate by 25bps to 8.00%

On May 22, 2024, the NBG's Monetary Policy Committee reduced its key rate by 25bps to 8.00%, considering the low inflation environment. Based on NBG's latest forecast, inflation is expected to remain below the target of 3.0% in 1H24, while stabilizing close to it in the medium term. The next committee meeting is scheduled for 19 June 2024.

### Unemployment rate reduced in 1Q24

The unemployment rate reduced by 4.0ppts y/y to a historically low level of 14.0% in 1Q24, reflecting continued strong growth. During this period, the number of hired employed individuals increased by 10.4% y/y, accounting for 68.0% of total employment. Meanwhile, self-employed persons were up 9.9% y/y representing 32.0% of total. Importantly, labor force participation rate increased by 3.0ppts y/y to 55.0% in 1Q24 (and up from 54.3% in 4Q23).

### Producer price index increased by 5.9% y/y in Apr-24

Annual PPI for industrial goods increased by 5.9% in Apr-24, after increasing by 4.0% y/y in previous month. The annual growth was primarily driven by a rise in prices in the mining sector (19.7% y/y) followed by manufacturing sector (+4.5% y/y), and electricity supply (+9.0% y/y).

### Trade deficit widened by 27.8% y/y in Apr-24

In Apr-24, goods exports reduced significantly by 12.7% y/y to US\$ 437.2mn, after a 4.4% y/y decline in previous month. Imports increased by 11.3% y/y to US\$ 1.4bn, rebounding from a 14.7% y/y reduction in March. Consequently, the trade deficit widened by 27.8% y/y to US\$ 925.0mn in Apr-24.

The top 5 exported commodities were cars (-27.5% y/y), wine (+94.1% y/y), spirits (+64.8% y/y), mineral waters (+11.1% y/y) and aerated waters (-2.3% y/y) in Apr-24. A 6.9% of exports were directed to the EU (-60.0% y/y), 72.6% to the CIS (-2.9% y/y) and 20.5% to other countries (-8.5% y/y).

The top 5 imports were cars (-33.8% y/y), petroleum (+99.9% y/y), pharmaceuticals (+57.7% y/y), automatic data processing machines (+251.2% y/y) and phones (-8.5% y/y) in Apr-24.

Overall, in 4M24, trade deficit increased by 7.5% y/y to US\$ 3.0bn, as exports declined by 10.1% y/y to US\$ 1.8bn, while imports were merely up by 0.3% y/y to US\$ 4.8bn.

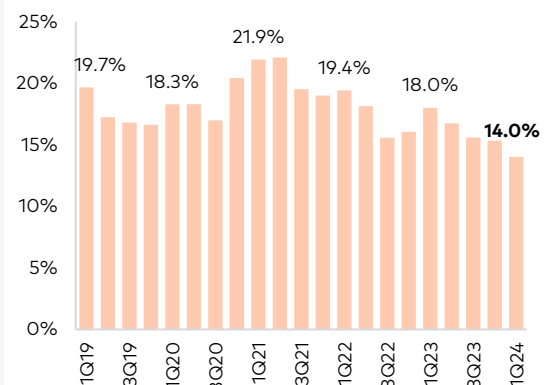
### Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	23,344	25,387
GDP per capita (US\$)	8,210	8,874
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	5.2
CAD (% of GDP)	4.3%	4.7%
Fiscal deficit (% of GDP)	2.4%	2.5%
Total public debt (% of GDP)	39.0%	38.0%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

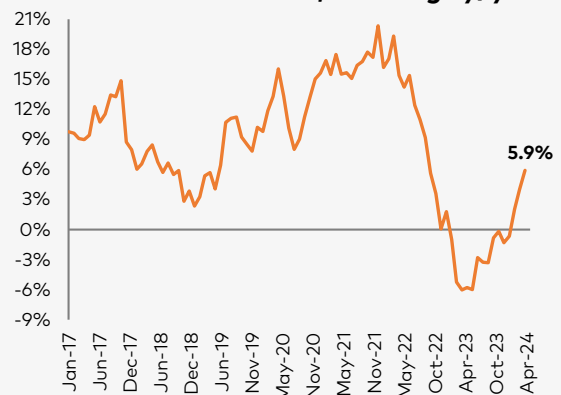
\*Latest sovereign credit ratings

### Unemployment rate in Georgia



Source: Geostat

### Producer Price Index, % change y/y



Source: Geostat



## Money market

### Ministry of Finance T-bills/T-notes:

7.2-year GEL 75.0mn (US\$ 27.2mn) Benchmark bonds were sold at the auction held at NBG on May 21, 2024. Total demand was 1.5x higher and the weighted average yield was fixed at 9.058%, up by 0.695ppts from previous auction held in Apr-24.

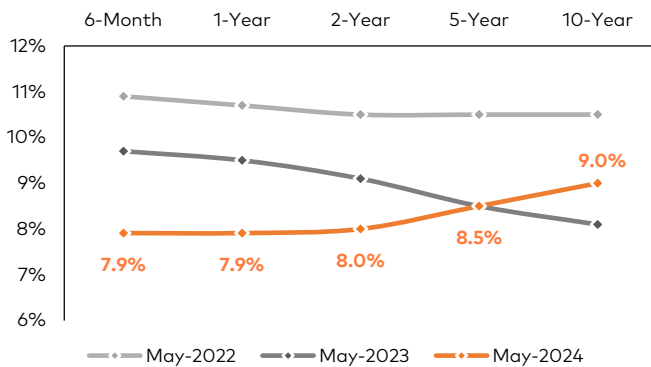
The nearest treasury security auction is scheduled for May 28, 2024, where GEL 85.0mn nominal value 5-year Benchmark Bonds will be sold.

### T-bills / T-notes in 2024

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
Short-term (less than 1-year)	250	280	410
Long-term (over 1-year)	1,269	2,090	8,165
<b>Total</b>	<b>1,519</b>	<b>2,370</b>	<b>8,575</b>

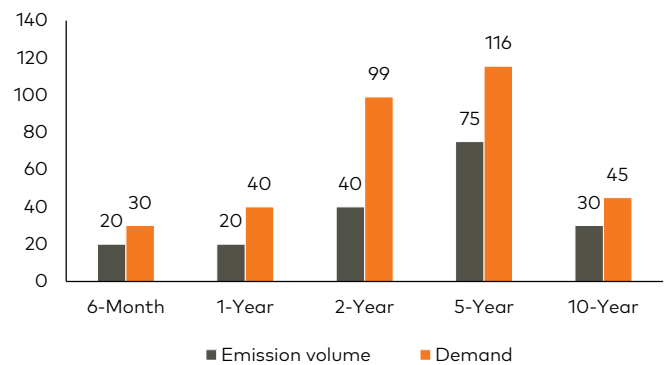
Source: MoF  
\*As of April 2024

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



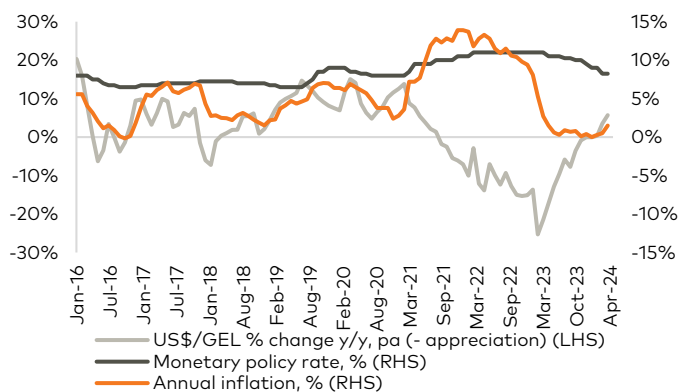
Source: NBG

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



Source: NBG

### Monetary policy rate, inflation and FX rate





## Fixed income

### Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Mood y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2	91.23	7.81	292.84
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/	89.24	7.10	269.51
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/	99.94	11.35	n/a
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	98.35	9.92	558.91
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/B1	99.98	8.38	370.00
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/Ba2	99.81	8.97	349.97
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/	99.99	10.63	521.65

■ Galt & Taggart-led and/or co-managed deals  
Source: Bloomberg

### Georgian local bonds performance

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-B+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-	99.87	8.75
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-	99.98	8.50
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-22	Oct-27	-/-/-	99.99	7.00
Lisi Lake Development	USD	10	8.50%	Dec-22	Dec-24	-/-/-B+	100.00	8.50
Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-	99.98	9.00
Silk Real Estate	USD	20	9.00%	Apr-23	Apr-26	-/-/-	99.99	9.00
Tegeta Motors	USD	20	8.50%	Apr-23	Apr-25	-/-/-BB-	99.66	8.75
Energy Development Georgia	USD	10	8.50%	Jun-23	Jun-25	-/-/-	n/a	n/a
Georgia Capital	USD	150	8.50%	Aug-23	Aug-28	-/BB-/	101.17	8.19
Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-	101.14	8.63
Prime Concrete	USD	7.5	10.50%	Sep-23	Sep-27	-/-/-	n/a	n/a
Austrian-Georgian Development	USD	15	9.00%	Oct-23	Oct-25	-/-/-	n/a	n/a
MFO EuroCredit	USD	10	9.50%	Dec-23	Dec-27	-/-/-	n/a	n/a
Geosteel	USD	5	8.50%	Dec-23	Dec-25	-/-/-	99.57	8.75
IG Development	USD	20	8.50%	Dec-23	Dec-25	-/-/-	99.56	8.75

#### EUR

Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/-BB-	99.67	7.25
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/-BB-	99.57	7.25
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/-BB-	100.43	6.50
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-	99.55	7.25

#### GEL

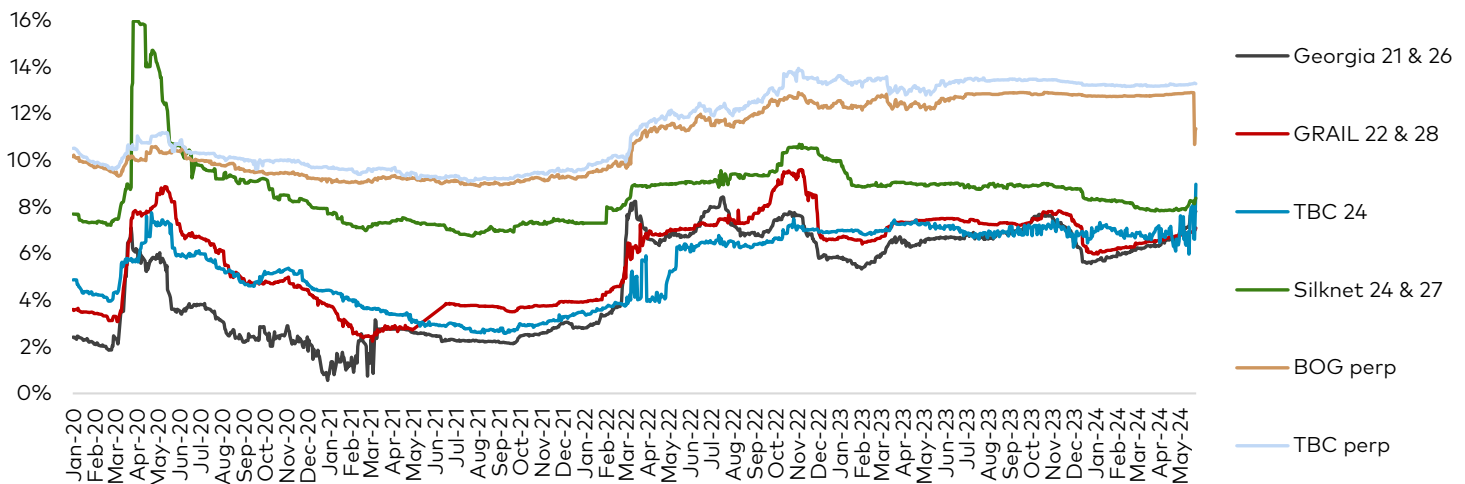
Vian (Evex)	GEL	50	Ref rate + 3.10%	Nov-19	Nov-24	-/-/-BB	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/-BB-	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-22	Nov-25	-/-/-BB-	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/-B	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-22	Dec-25	-/-/-BB-	n/a	n/a
MFO Crystal	GEL	25	TIBR6M + 4.75%	Dec-22	Feb-25	B-/	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-23	Mar-26	-/-/-B+	n/a	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-23	Mar-26	BB-/	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/	n/a	n/a
Tegeta Motors	GEL	20	TIBR6M + 3.50%	Jun-23	Dec-25	-/-/-BB-	n/a	n/a
Tegeta Motors	GEL	20	14.5%	Dec-23	Dec-25	-/-/-BB-	n/a	n/a
Cellfie	GEL	65	TIBR6M + 3.50%	Dec-23	Dec-25	-/-/-BB-	n/a	n/a

■ Galt & Taggart-led and/or co-managed deals  
Source: Bloomberg, Galt & Taggart



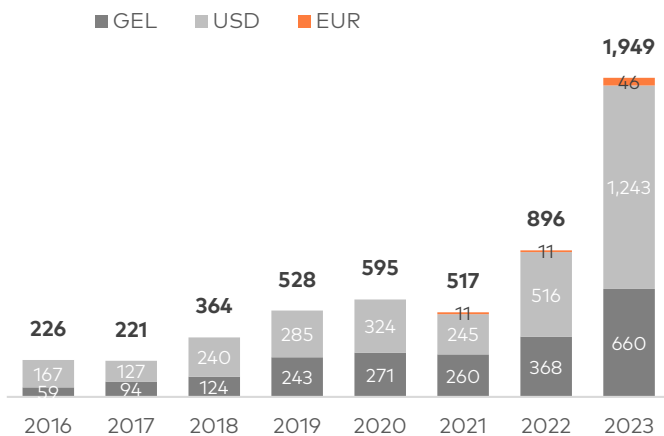
## Fixed income

Georgian Eurobonds, YTM



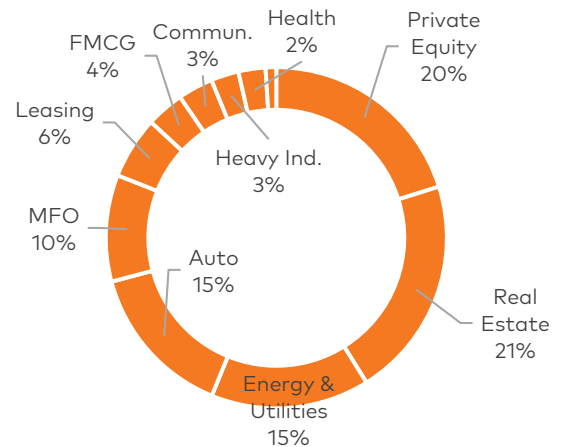
Source: Bloomberg

Georgian corporate public bonds outstanding, GEL mn



Source: Galt & Taggart  
Note: USD and EUR bonds are converted into GEL as of issuance date

Georgian corporate public bonds outstanding by sector

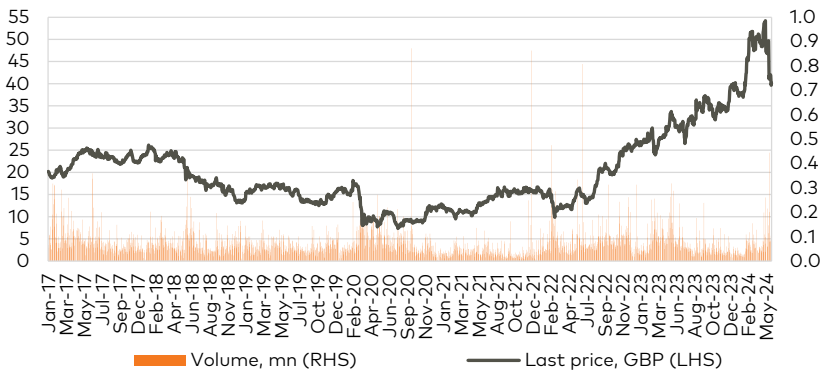


Source: Galt & Taggart



## Equities

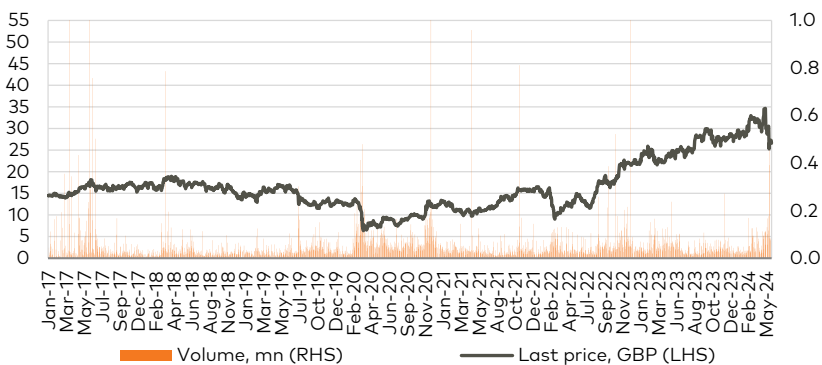
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 40.15/share (-3.02% w/w and -22.79% m/m). More than 496k shares traded in the range of GBP 39.20 - 43.05/share. Average daily traded volume was 131k in the last 4 weeks. The volume of BGEO shares traded was at 1.09% of its capitalization.

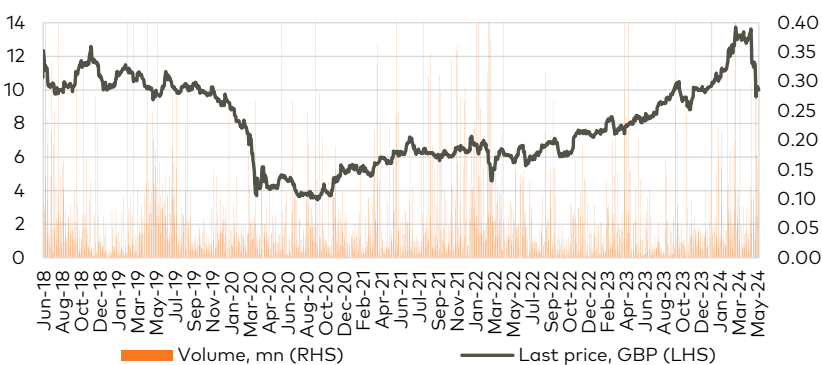
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 26.60/share (+0.00% w/w and -18.65% m/m). More than 378k shares changed hands in the range of GBP 26.20 - 27.65/share. Average daily traded volume was 138k in the last 4 weeks. The volume of TBCG shares traded was at 0.68% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 10.00/share (-1.38% w/w and -23.90% m/m). More than 507k shares traded in the range of GBP 9.84 - 10.44/share. Average daily traded volume was 122k in the last 4 weeks. The volume of CGEO shares traded was at 1.19% 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		
								2023	2024F	2025F	2023	2024F	2025F
Bank of Georgia	BGEO	GBP	40.15	1,830	15.2%	24.9%	1.0%	4.36x	3.81x	3.88x	1.19x	na	na
TBC	TBC	GBP	26.60	1,473	-3.4%	7.0%	-6.0%	4.78x	4.12x	3.41x	1.15x	na	na
Halyk Bank	HSBK	USD	18.26	4,980	24.4%	29.5%	20.4%	2.57x	2.87x	2.83x	0.72x	0.88x	0.75x
Akbank	AKBNK	TRY	66.50	345,800	108.7%	376.7%	82.1%	2.86x	4.83x	3.27x	0.90x	1.37x	0.95x
Garanti	GARAN	TRY	99.25	416,850	92.2%	320.6%	70.1%	2.84x	4.69x	3.25x	1.00x	1.42x	1.07x
Isbank	ISCTR	TRY	15.44	386,000	81.6%	278.1%	65.2%	3.23x	4.28x	3.01x	0.87x	1.25x	0.89x
PKO	PKO	PLN	58.02	72,525	24.7%	77.8%	15.3%	11.44x	7.10x	7.12x	1.39x	1.42x	1.34x
PEKAO	PEO	PLN	158.65	41,641	15.2%	58.9%	4.3%	6.07x	6.84x	7.25x	1.32x	1.34x	1.25x
Millennium	MIL	PLN	8.56	10,378	11.8%	82.8%	2.4%	17.78x	4.03x	4.90x	1.47x	1.36x	1.15x
Mbank	MBK	PLN	630.80	26,787	13.6%	75.2%	17.9%	na	5.37x	6.32x	1.65x	1.58x	1.30x
BRD	BRD	RON	19.00	13,241	13.8%	56.3%	6.0%	7.62x	9.03x	9.33x	1.42x	1.39x	1.31x
Banca Transilvania	TLV	RON	31.30	24,998	36.3%	81.2%	29.0%	7.76x	8.60x	8.16x	1.82x	1.74x	1.49x
Komerční	KOMB	CZK	786.00	149,379	14.7%	19.2%	8.5%	8.76x	10.00x	9.41x	1.09x	1.19x	1.16x
<b>Mean</b>								<b>6.67x</b>	<b>5.81x</b>	<b>5.55x</b>	<b>1.23x</b>	<b>1.36x</b>	<b>1.15x</b>
<b>Median</b>								<b>5.43x</b>	<b>4.83x</b>	<b>4.90x</b>	<b>1.19x</b>	<b>1.37x</b>	<b>1.16x</b>

Source: Bloomberg, S&P Capital IQ

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