



Economy

Goods exports increased by 30.0% y/y in Aug-24

In Aug-24, goods exports continued to grow robustly, rising by 30.0% y/y to US\$ 641.3mn, following a 29.9% y/y growth in previous month. In contrast, imports declined by 4.8% y/y to US\$ 1.3bn, after a 11.2% growth y/y in previous month. Consequently, the trade deficit decreased by 23.5% y/y to US\$ 702.7mn in Aug-24. Overall, in 8M24, trade deficit increased by 3.8% y/y to US\$ 6.4bn, as exports increased by 2.4% y/y to US\$ 4.2bn and imports were up by 3.3% y/y to US\$ 10.5bn.

FDI in Georgia stood at US\$ 574.3mn in 2Q24

FDI in Georgia increased by 10.3% y/y to US\$ 574.3mn, after falling by 69.9% y/y in 1Q24. The growth in FDI was primarily driven by a rise in equity investments and debt instruments. Meanwhile, reinvestments reduced by 8.9% y/y to US\$ 451.3mn, representing 78.6% of total FDI during the same period.

The financial sector was the largest FDI recipient at US\$ 300.1mn (+38.5% y/y), followed by trade at US\$ 79.2mn (-4.5% y/y), manufacturing at US\$ 55.5mn (+36.5% y/y) and real estate at US\$ 47.2mn (+143.0% y/y).

The UK topped the list of investors with US\$ 266.7mn (46.4% of total FDI), followed by Japan (US\$ 59.2mn, 10.3% of total) and Malta at US\$ 37.9mn, 6.6% of total).

Overall, in 1H24, FDI declined by 34.1% y/y to US\$ 768.6mn accounting for 5.1% of GDP.

NBG kept its key rate unchanged at 8.0%

On September 11, 2024, the NBG's Monetary Policy Committee decided to keep its key rate unchanged at 8.0%, despite the current low inflation environment. This cautious stance reflects the high level of global economic uncertainty, which could lead to inflationary pressures. Amid ongoing geopolitical tensions, disruptions in supply chains and international shipping continue. In this context, trends in oil and food prices on global markets remain highly uncertain, posing risks of increased imported inflation. Additionally, strong economic growth adds to inflationary concerns, stated by the regulator. Based on NBG's current forecast, low inflation is expected to persist throughout 2024, stabilizing at the target rate of 3.0% in the medium term. The next committee meeting is scheduled for 23 October 2024.

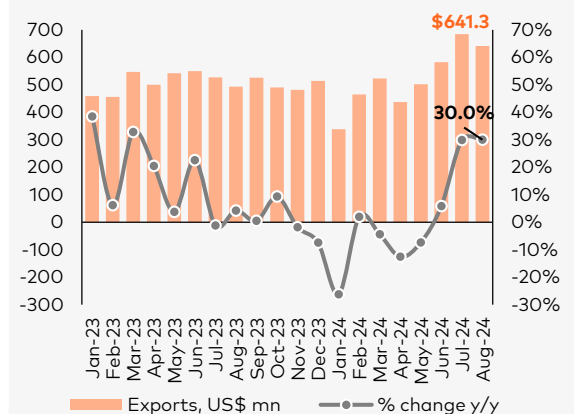
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	8.0%
GDP per capita (ppp)	23,344	25,373
GDP per capita (US\$)	8,210	8,869
Population (mn)	3.7	3.7
Inflation (average)	2.5%	2.0%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	4.4%	4.8%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	38.6%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

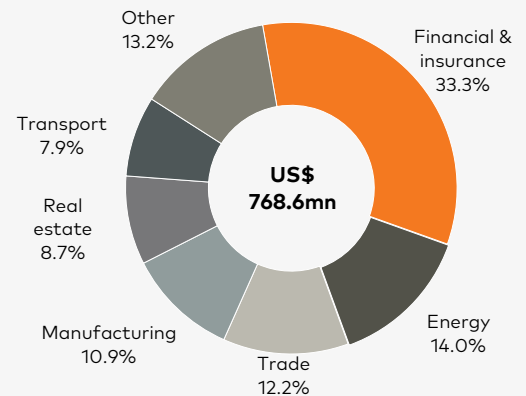
*Latest sovereign credit ratings

Goods exports



Source: Geostat

FDI by sector, 1H24



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

10-year GEL 30.0mn (US\$ 11.1mn) Benchmark bonds were sold at the auction held at NBG on September 10, 2024. Total demand was 3.1x higher and the weighted average yield was fixed at 8.890%, down by 0.622ppts from previous auction held in Aug-24.

1-year GEL 20.0mn (US\$ 7.4mn) Benchmark bonds were sold at the auction held at NBG on September 10, 2024. Total demand was 3.5x higher and the weighted average yield was fixed at 7.738%, down by 0.060ppts from previous auction held in Aug-24.

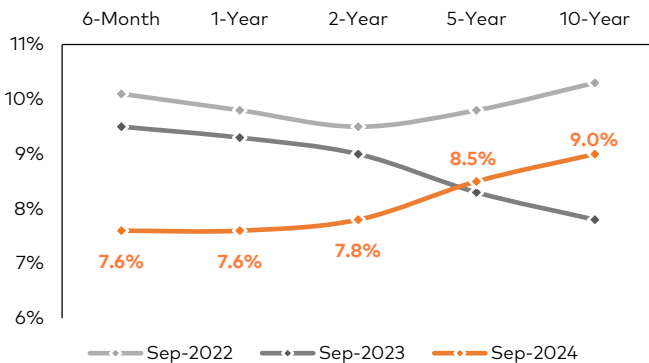
The nearest treasury security auction is scheduled for September 17, 2024, where GEL 75.0mn nominal value 6.8-year Benchmark Bonds will be sold.

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)	410	120	360
Long-term (over 1-year)	2,095	925	8,394
Total	2,505	1,045	8,754

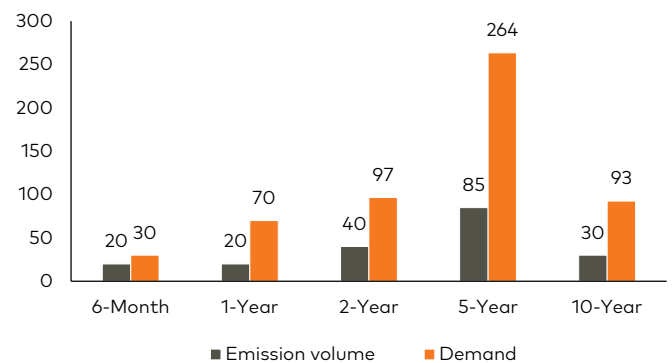
Source: MoF
*As of July 2024

T-bills / T-notes, yield curve



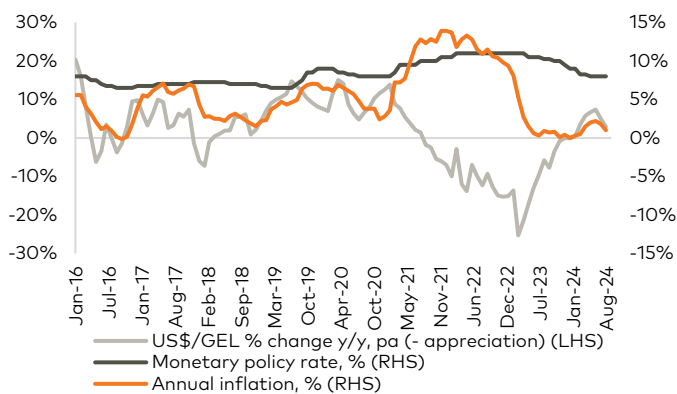
Source: NBG

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



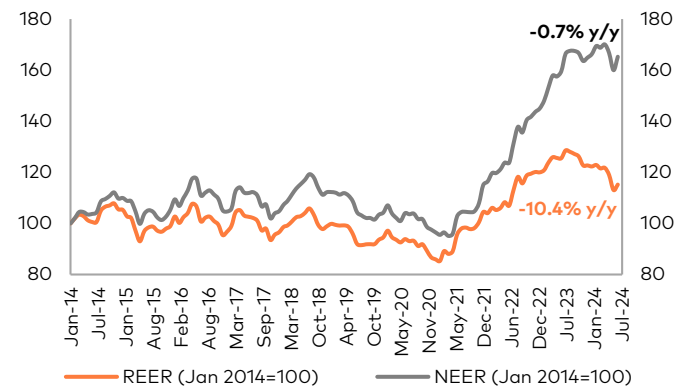
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal and real effective exchange rates



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate



Fixed income

Georgian Eurobonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield, %	Z-spread, bps
						(Fitch/S&P/Mood y/Scope)			
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2	94.29	6.57	301.55
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	90.11	7.05	384.16
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.90	10.06	687.20
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	100.29	8.23	443.47
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.23	13.34	n/a
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.95	10.86	748.91
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.47	10.64	734.96
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	101.86	8.40	510.19

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

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings	Mid price	Mid yield
						(Fitch/S&P/Moody/ Scope)		
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	6.75%
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	99.97	8.50%
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-22	Oct-27	-/-/-/-	100.00	7.00%
Lisi Lake Development	USD	10	8.50%	Dec-22	Dec-24	-/-/-/B+	99.99	8.50%
Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-/-	99.99	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-	99.77	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-/-/-	101.08	8.13%
Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-/-	100.91	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	-/-/-/-	99.63	8.75%
IG Development	USD	20	8.50%	Dec-23	Dec-25	-/-/-/-	99.61	8.75%
Tegeta Motors	USD	5	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	8.63%
Tegeta Motors	USD	3.3	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	8.63%
IG Development	USD	19.5	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	8.63%
Tegeta Motors	USD	5	8.50%	Jul-24	Jul-26	-/-/-/BB-	n/a	n/a
MP Development	USD	5	8.75%	Jul-24	Jul-26	-/-/-/-	n/a	8.75%
JSC BasisBank	USD	20	7.00%	Aug-24	Aug-27	-/-/-/-	n/a	7.00%
Georgia Real Estate	USD	25	8.50%	Aug-24	Aug-26	-/-/-/-	n/a	8.50%
Chavchavadze 64B	USD	10	8.75%	Aug-24	Aug-26	-/-/-/-	n/a	8.75%

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



Fixed income

Georgian local bonds

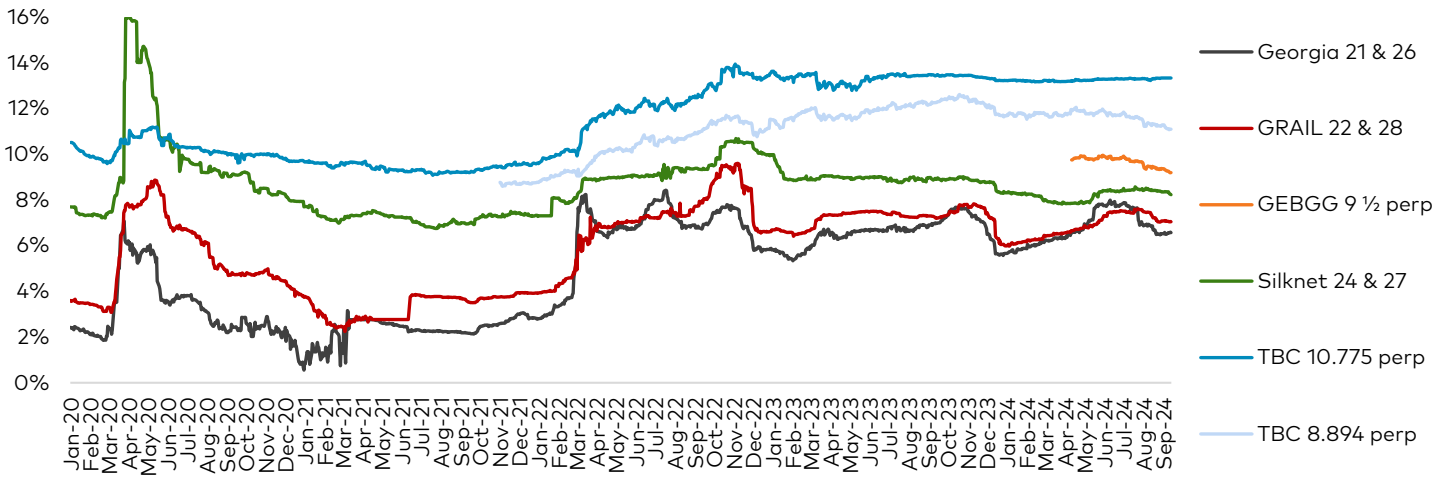
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %
EUR								
Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/BB-	99.77	7.00%
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/BB-	99.63	7.00%
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/BB-	100.37	6.75%
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/BB-	99.60	7.00%
Tegeta Motors	EUR	10	6.75%	May-24	May-26	-/-/BB-	n/a	6.75%
MP Development	EUR	3	7.75%	Jul-24	Jul-26	-/-/BB-	n/a	7.75%
Silk Real Estate	EUR	7	7.00%	Aug-24	Aug-25	-/-/BB-	n/a	7.00%
Chavchavadze 64B	EUR	3	7.75%	Aug-24	Aug-26	-/-/BB-	n/a	7.75%
GEL								
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	-/-/BB-	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-/BB-	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-23	Mar-26	-/-/BB+	n/a	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-23	Mar-26	BB-/BB-	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/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
Tegeta Motors	GEL	10	13.50%	Jul-24	Jul-26	-/-/BB-	n/a	n/a
Tegeta Motors	GEL	15	13.50%	Aug-24	Aug-26	-/-/BB-	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/BB-	n/a	n/a

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



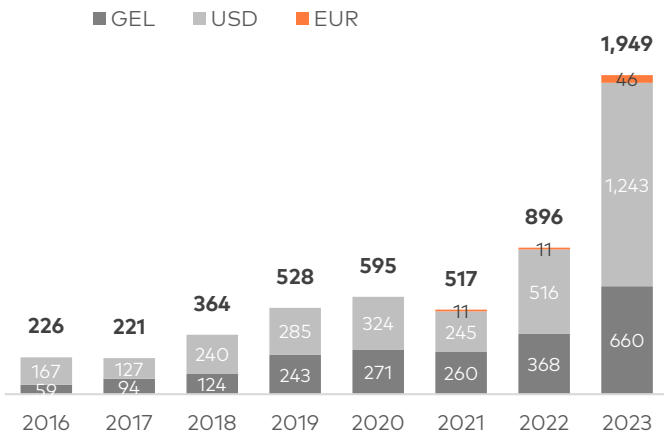
Fixed income

Georgian Eurobonds, YTM



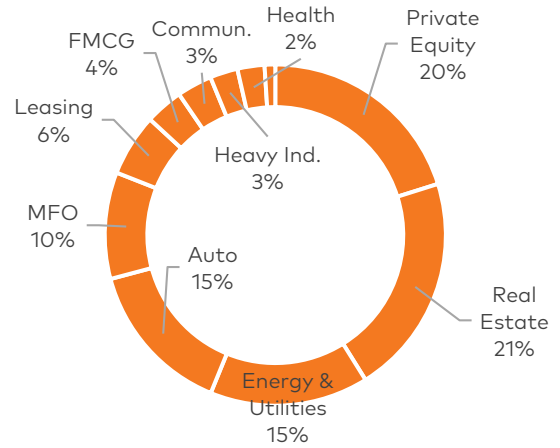
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



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

Georgian local corporate public bonds outstanding by sector

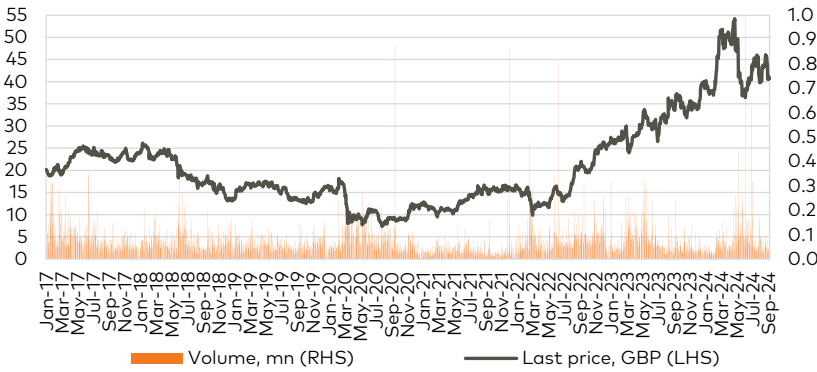


Source: Galt & Taggart



Equities

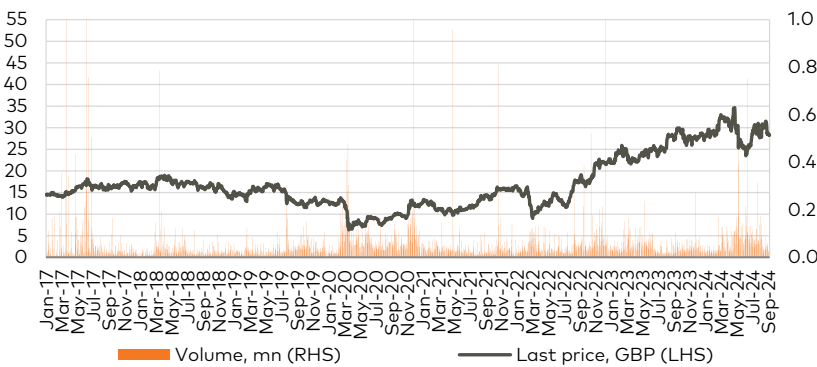
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 40.85/share (+0.74% w/w and +2.00% m/m). More than 175k shares traded in the range of GBP 40.05 - 42.00/share. Average daily traded volume was 48k in the last 4 weeks. The volume of BGEO shares traded was at 0.38% of its capitalization.

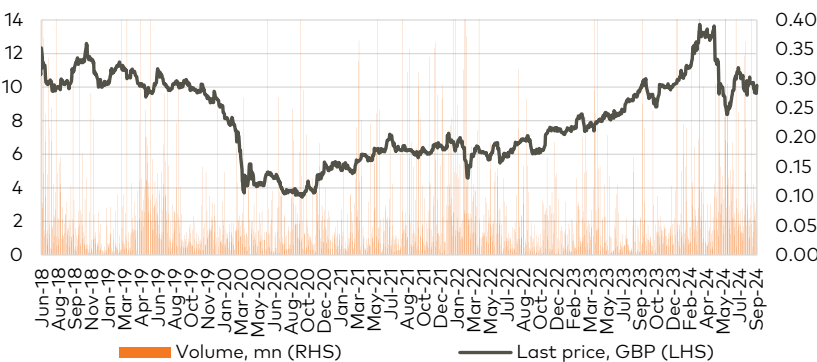
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.25/share (-0.53% w/w and +1.62% m/m). More than 163k shares changed hands in the range of GBP 27.95 - 29.15/share. Average daily traded volume was 39k in the last 4 weeks. The volume of TBCG shares traded was at 0.29% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 10.10/share (+4.45% w/w and +6.09% m/m). More than 490k shares traded in the range of GBP 9.61 - 10.20/share. Average daily traded volume was 118k in the last 4 weeks. The volume of CGEO shares traded was at 1.15% 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	40.85	1,862	-20.4%	17.6%	2.8%	4.36x	3.67x	3.73x	1.19x	na	na
TBC	TBC	GBP	28.25	1,565	-12.8%	3.5%	-0.2%	4.78x	4.52x	3.84x	1.15x	na	na
Halyk Bank	HSBK	USD	16.32	4,451	-7.5%	19.6%	7.7%	2.57x	2.60x	2.46x	0.72x	na	na
Akbank	AKBNK	TRY	56.60	294,320	35.4%	94.2%	55.0%	2.86x	4.35x	2.75x	0.90x	1.13x	0.80x
Garanti	GARAN	TRY	111.00	466,200	75.5%	125.8%	90.2%	2.84x	4.73x	3.20x	1.00x	1.43x	0.96x
Isbank	ISCTR	TRY	12.86	321,500	21.3%	49.3%	37.6%	3.23x	3.51x	2.21x	0.87x	0.96x	0.66x
PKO	PKO	PLN	57.18	71,475	1.6%	61.8%	13.6%	11.44x	6.56x	6.49x	1.39x	1.43x	1.31x
PEKAO	PEO	PLN	151.95	39,882	-13.7%	51.4%	-0.1%	6.07x	6.22x	6.65x	1.32x	1.27x	1.20x
Millennium	MIL	PLN	9.05	10,978	-13.4%	63.1%	8.3%	17.78x	4.03x	4.52x	1.47x	1.41x	1.23x
Mbank	MBK	PLN	638.80	27,127	-10.7%	56.9%	19.4%	na	6.25x	5.98x	1.65x	1.79x	1.36x
BRD	BRD	RON	20.20	14,077	3.6%	35.6%	12.7%	7.62x	9.65x	9.86x	1.42x	1.48x	1.38x
Banca Transilvania	TLV	RON	27.55	22,003	17.5%	38.7%	30.4%	7.76x	6.66x	6.71x	1.82x	1.56x	1.60x
Komerčni	KOMB	CZK	763.50	145,103	-5.9%	12.5%	5.4%	8.76x	9.37x	9.27x	1.09x	1.16x	1.16x
Mean								6.67x	5.55x	5.21x	1.23x	1.36x	1.17x
Median								5.43x	4.73x	4.52x	1.19x	1.42x	1.22x

Source: Bloomberg, S&P Capital IQ

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