



Economy

Annual inflation was 1.0% in Aug-24

In Aug-24, annual inflation retreated further to 1.0%, down from 1.8% in July. The slowdown was mainly driven by a moderation in domestic inflation, which eased to 1.1% y/y in August from 1.9% y/y in July, alongside a 1.1% y/y decline in mixed goods inflation. Imported inflation also decelerated, reaching 3.0% y/y in August, down from 3.7% y/y in the previous month. Notably, core inflation, excluding volatile food, energy and tobacco prices, reduced further to 0.9% y/y in Aug-24 from 1.1% y/y recorded in previous month.

By categories, annual inflation in Aug-24 was mostly driven by price changes in transport (+7.4% y/y, +0.89ppts), alcoholic beverages & tobacco (+4.5% y/y, +0.31ppts), hotels & restaurants (+7.3% y/y, +0.24ppts), communication (-12.7% y/y, -0.48ppts) and utilities (-2.6% y/y, -0.21ppts) categories.

On a monthly basis, there was a 0.1% y/y deflation in Aug-24, mainly due to reduced prices in communication (-5.7% y/y, -0.20ppts) category.

Considering lower-than-expected inflation in 8M24, thanks to a stable GEL, we now forecast average annual inflation at 2.0% for 2024, revised downwards from the previous forecast of 2.5% (see latest macro forecasts [here](#)).

Tourism revenues estimated at US\$ 670mn in Aug-24

Tourism revenues increased by 23.5% y/y to US\$ 670mn in Aug-24, according to our estimates. Overall, in 8M24 tourism revenues reached US\$ 3.2bn (+11.8% y/y) by our estimates. We forecast tourism revenues at US\$ 4.3bn for 2024, up from US\$ 4.1bn in 2023.

International reserves at US\$ 4.8bn in Aug-24

Gross international reserves decreased by 10.9% y/y to US\$ 4.8bn in Aug-24, according to NBG. Meanwhile, on a monthly basis, the reserves were up by 3.7% (+US\$ 170.9mn). The changes in reserves were attributed to the government and/or banking sector FX operations, likely including NBG's FX purchases (information will be available on 25 September). Notably, monetary gold accounts for 11.9% of total international reserves as of Aug-24.

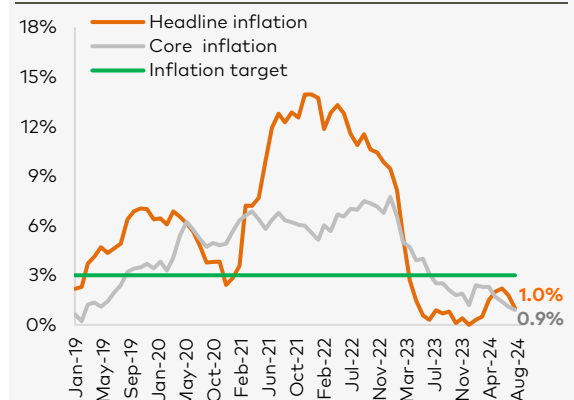
Key macro indicators

	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

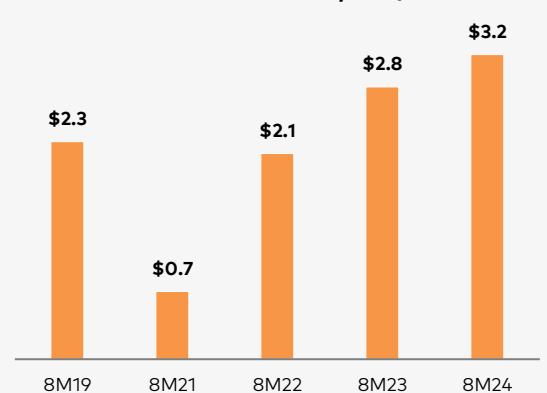
*Latest sovereign credit ratings

Annual inflation



Source: Geostat, NBG

Tourism revenues, US\$ bn



Source: NBG, Galt & Taggart

Money market

Ministry of Finance T-bills/T-notes:

3.4-year GEL 40.0mn (US\$ 14.9mn) Benchmark bonds were sold at the auction held at NBG on September 3, 2024. Total demand was 1.4x higher and the weighted average yield was fixed at 8.452%, down by 0.630ppts from previous auction held in Aug-24.

6-month GEL 20.0mn (US\$ 7.4mn) Benchmark bonds were sold at the auction held at NBG on September 3, 2024. Total demand was 1.5x higher and the weighted average yield was fixed at 7.871%, up by 0.046ppts from previous auction held in Aug-24.

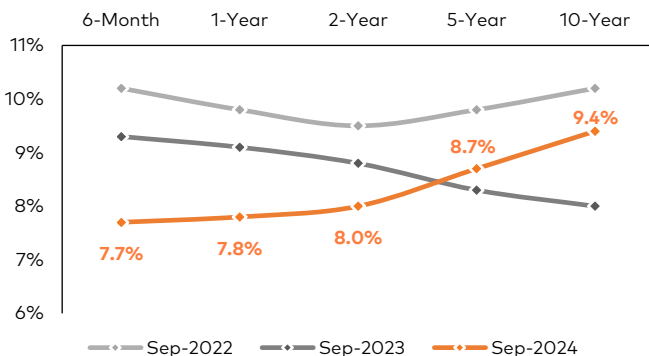
The nearest treasury security auction is scheduled for September 10, 2024, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

T-bills / T-notes in 2024

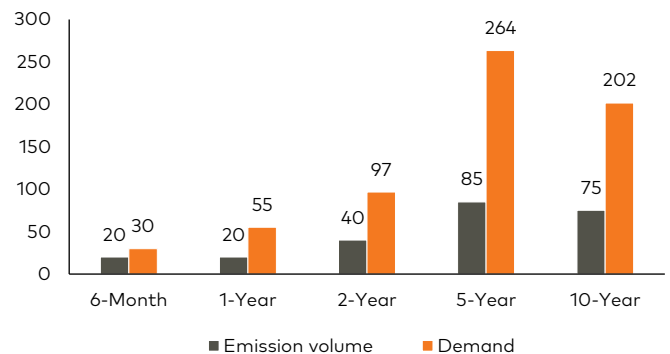
Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
Short-term (less than 1-year)	390	140	360
Long-term (over 1-year)	2,065	955	8,394
Total	2,455	1,095	8,754

Source: MoF
*As of July 2024

T-bills / T-notes, yield curve



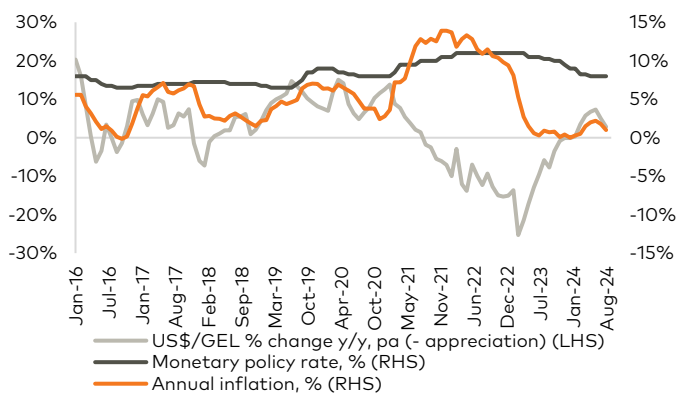
Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



Source: NBG

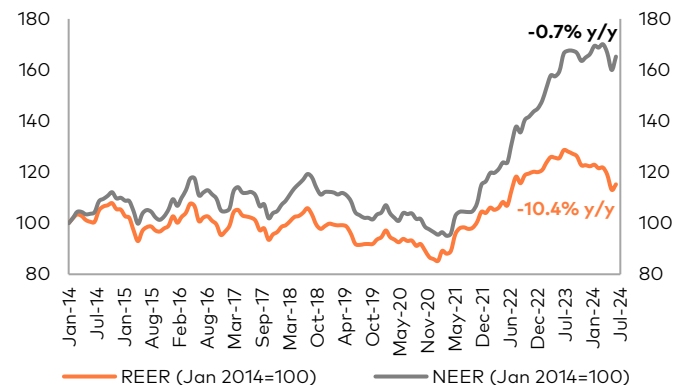
Source: NBG

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 (Fitch/S&P/Moody/ y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2	94.33	6.50	288.17
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	90.00	7.07	381.97
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.64	10.12	689.65
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	100.03	8.36	458.71
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-/-/-	95.93	10.86	742.82
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.53	10.62	728.74
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	101.92	8.38	502.27

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

Georgian local bonds

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
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	8.19
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	n/a
Tegeta Motors	USD	3.3	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	n/a
IG Development	USD	19.5	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	n/a
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	n/a
JSC BasisBank	USD	20	7.00%	Jul-24	Jul-27	-/-/-/-	n/a	n/a
m2	USD	25	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	n/a

■ 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	7.25
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/BB-	99.63	7.25
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/BB-	100.37	6.50
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-	99.60	7.25
Tegeta Motors	EUR	10	6.75%	May-24	May-26	-/-/BB-	n/a	n/a
MP Development	EUR	3	7.75%	Jul-24	Jul-26	-/-/-	n/a	n/a
Silk Real Estate	EUR	7	7.00%	Aug-24	Aug-25	-/-/-	n/a	n/a
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
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

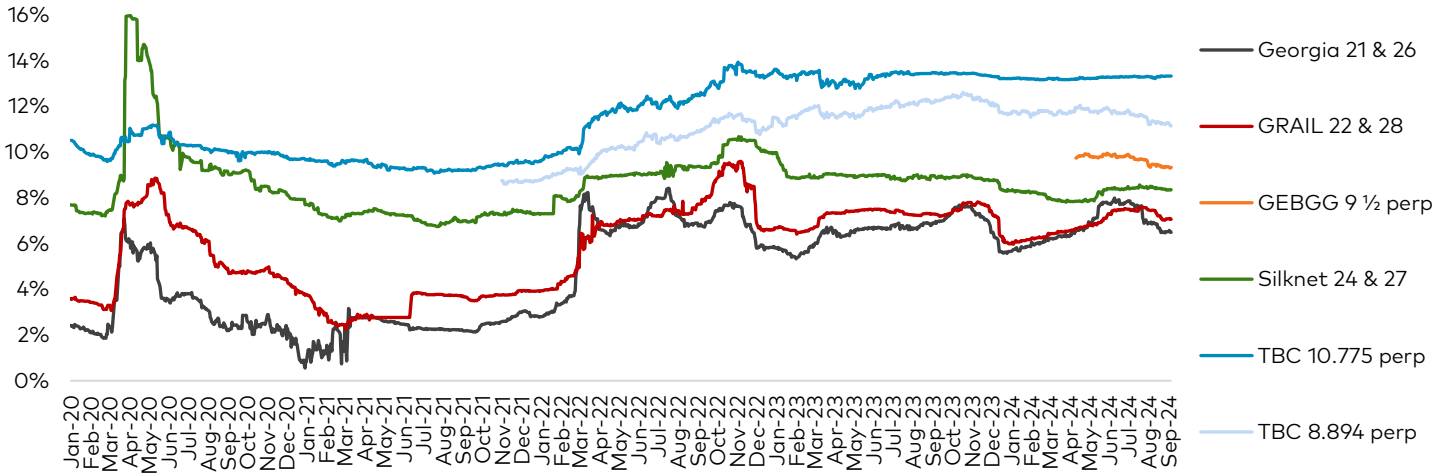
■ Galt & Taggart-led and/or co-managed deals

Source: Bloomberg, Galt & Taggart



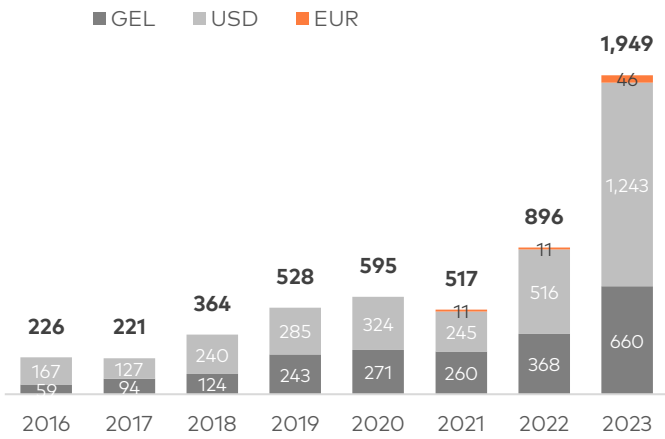
Fixed income

Georgian Eurobonds, YTM



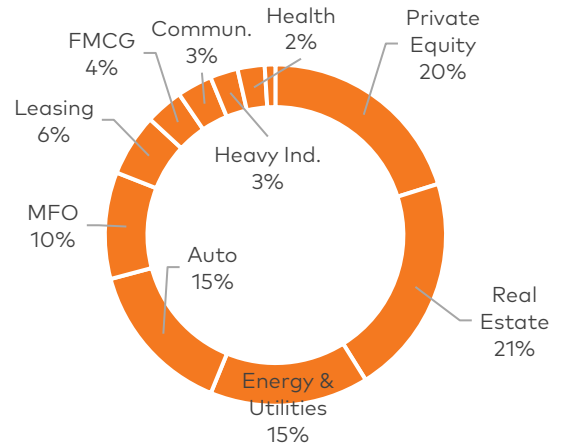
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



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

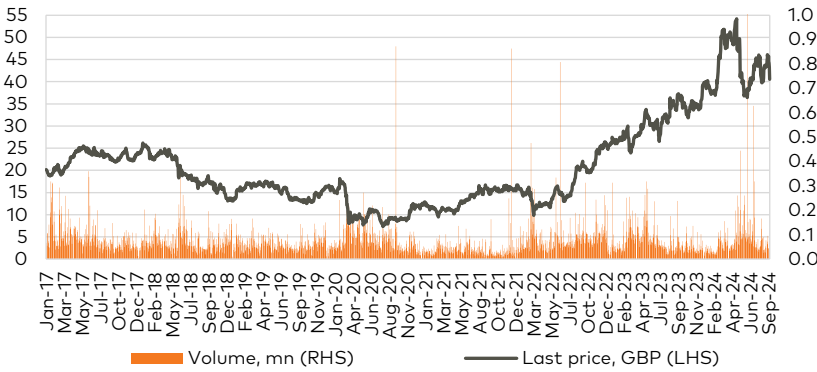
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

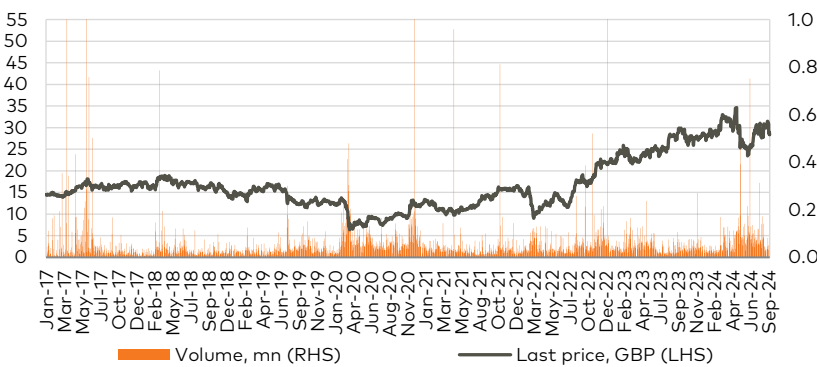
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 40.55/share (-10.88% w/w and +1.88% m/m). More than 228k shares traded in the range of GBP 40.40 - 46.45/share. Average daily traded volume was 51k in the last 4 weeks. The volume of BGEO shares traded was at 0.50% of its capitalization.

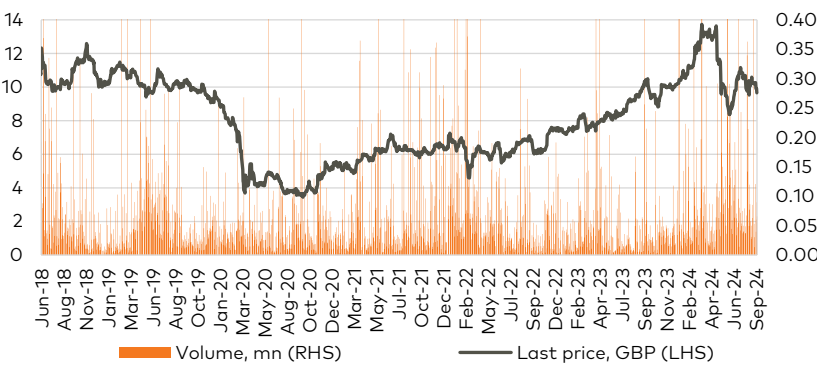
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.40/share (-9.84% w/w and +2.71% m/m). More than 232k shares changed hands in the range of GBP 28.00 - 31.60/share. Average daily traded volume was 51k in the last 4 weeks. The volume of TBCG shares traded was at 0.42% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 9.67/share (-5.38% w/w and -0.92% m/m). More than 374k shares traded in the range of GBP 9.66 - 10.32/share. Average daily traded volume was 113k in the last 4 weeks. The volume of CGEO shares traded was at 0.88% 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	40.55	1,849	-21.3%	18.6%	2.0%	4.36x	3.64x	3.70x	1.19x	na	na
TBC	TBC	GBP	28.40	1,573	-12.6%	2.2%	0.4%	4.78x	4.54x	3.86x	1.15x	na	na
Halyk Bank	HSBK	USD	16.44	4,483	-5.4%	17.4%	8.4%	2.57x	2.62x	2.48x	0.72x	na	na
Akbank	AKBNK	TRY	58.95	306,540	52.3%	87.7%	61.4%	2.86x	4.54x	2.87x	0.90x	1.18x	0.84x
Garanti	GARAN	TRY	110.50	464,100	87.3%	114.8%	89.4%	2.84x	4.71x	3.18x	1.00x	1.42x	0.96x
Isbank	ISCTR	TRY	13.24	331,000	34.8%	34.8%	41.7%	3.23x	3.62x	2.37x	0.87x	0.99x	0.68x
PKO	PKO	PLN	56.30	70,375	1.9%	59.3%	11.9%	11.44x	6.51x	6.42x	1.39x	1.39x	1.28x
PEKAO	PEO	PLN	151.20	39,685	-10.6%	51.0%	-0.6%	6.07x	6.27x	6.66x	1.32x	1.25x	1.18x
Millennium	MIL	PLN	8.89	10,784	-9.9%	60.5%	6.4%	17.78x	3.90x	4.57x	1.47x	1.37x	1.20x
Mbank	MBK	PLN	605.00	25,691	-9.9%	48.1%	13.1%	na	6.08x	5.79x	1.65x	1.68x	1.28x
BRD	BRD	RON	20.60	14,356	4.0%	42.3%	15.0%	7.62x	9.79x	10.00x	1.42x	1.50x	1.39x
Banca Transilvania	TLV	RON	27.60	22,043	17.8%	46.7%	30.6%	7.76x	6.63x	6.68x	1.82x	1.55x	1.60x
Komerčni	KOMB	CZK	771.00	146,528	-3.7%	10.3%	6.4%	8.76x	9.43x	9.32x	1.09x	1.16x	1.16x
Mean								6.67x	5.56x	5.22x	1.23x	1.35x	1.16x
Median								5.43x	4.71x	4.57x	1.19x	1.38x	1.19x

Source: Bloomberg, S&P Capital IQ

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