



Economy

Annual inflation was 0.6% in Sep-24

In Sep-24, annual inflation eased further to 0.6%, down from 1.0% in August. The slowdown was mainly driven by a deceleration in imported inflation, which slowed to 1.4% y/y in Sep-24 from 3.0% y/y in Aug-24. Additionally, mixed goods inflation declined by 1.1% y/y in September, similar to the previous month. Domestic inflation rose slightly to 1.2% y/y in Sep-24, compared to the previous month. Notably, core inflation, excluding volatile food, energy and tobacco prices, edged down to 0.8% y/y in Sep-24 from 0.9% y/y in August.

By categories, annual inflation in Sep-24 was largely driven by price changes in transport (+4.3% y/y, +0.52ppts), alcoholic beverages & tobacco (+4.9% y/y, +0.34ppts) and hotels & restaurants (+7.5% y/y, +0.25ppts) categories. Conversely, there were notable price declines in communication (-12.8% y/y, -0.48ppts) and utilities (-2.9% y/y, -0.23ppts) categories.

On a monthly basis, there was a 0.3% y/y inflation in Sep-24, mainly due to rising prices in education (4.4% m/m, +0.22ppts) and clothing and footwear (+3.3% m/m, +0.13ppts) categories.

Tourism revenues estimated at US\$ 450mn in Sep-24

Tourism revenues increased by 7.4% y/y to US\$ 450mn in Sep-24, according to our estimates. Overall, in 9M24 tourism revenues reached US\$ 3.6bn (+11.3% y/y) by our estimates. We forecast tourism revenues at US\$ 4.4bn for 2024, up from US\$ 4.1bn in 2023.

Government targets a 2.5% deficit in the 2025 draft budget

The government has submitted an initial draft of the 2025 state budget to Parliament, targeting 5.5% economic growth and a 3.0% GDP deflator for 2025. Similar to 2024, the fiscal deficit is planned at 2.5% of GDP for 2025 at the consolidated level. Notably, tax revenues are expected to increase by 6.6% y/y, reaching 25.1% of GDP, while privatization revenues are set at GEL 350mn. Total expenditures for 2025 are budgeted at 30.2% of GDP, with capex accounting for 7.4% of GDP, down from the 8.3% in 2024E. Total public debt to GDP is projected at 36.8% (2024E 36.5%), reflecting reduced share of external debt (2025F 24.9% of GDP vs. 2024E 25.4%) and an increased share of domestic debt (2025F 11.9% of GDP vs. 2024E 11.1%).

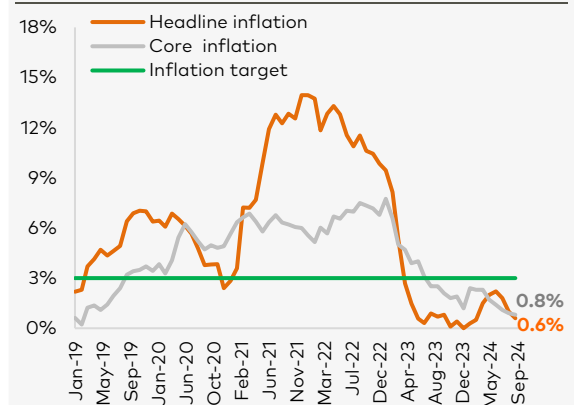
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	9.0%
GDP per capita (ppp)	23,344	25,573
GDP per capita (US\$)	8,210	8,939
Population (mn)	3.7	3.7
Inflation (average)	2.5%	1.8%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	5.6%	5.0%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	36.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

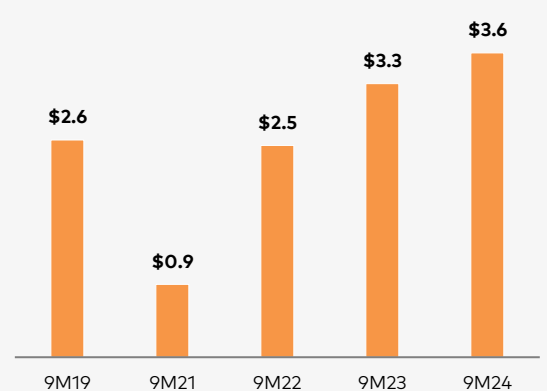
*Latest sovereign credit ratings

Annual inflation



Source: Geostat, NBG

Tourism revenues, US\$ bn



Source: NBG, Galt & Taggart

Money market

Ministry of Finance T-bills/T-notes:

3.3-year GEL 50.0mn (US\$ 18.3mn) Benchmark bonds were sold at the auction held at NBG on October 1, 2024. Total demand was 1.7x higher and the weighted average yield was fixed at 8.351%, down by 0.101ppts from previous auction held in Sep-24.

6-month GEL 20.0mn (US\$ 7.3mn) Benchmark bonds were sold at the auction held at NBG on October 1, 2024. Total demand was 2.5x higher and the weighted average yield was fixed at 7.790%, down by 0.081ppts from previous auction held in Sep-24.

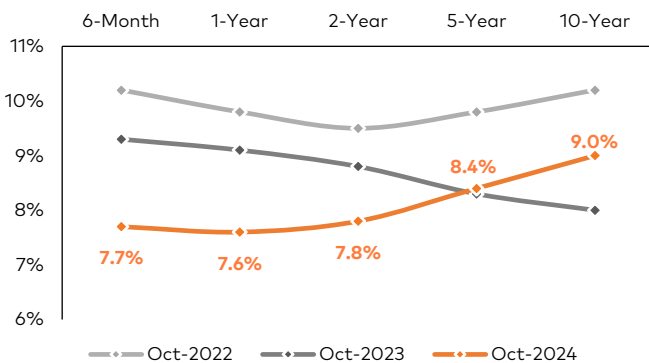
The nearest treasury security auction is scheduled for October 8, 2024, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

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)	430	100	360
Long-term (over 1-year)	2,316	715	8,624
Total	2,746	815	8,984

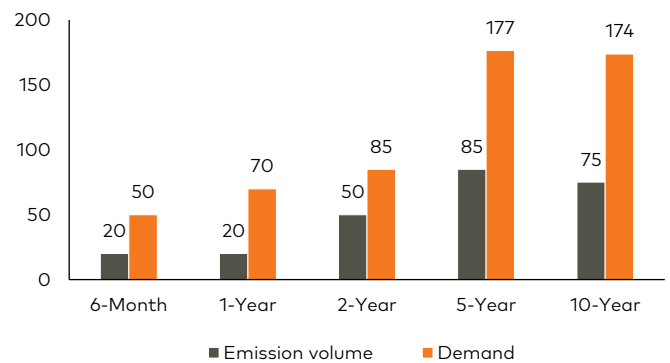
Source: MoF
*As of August 2024

T-bills / T-notes, yield curve



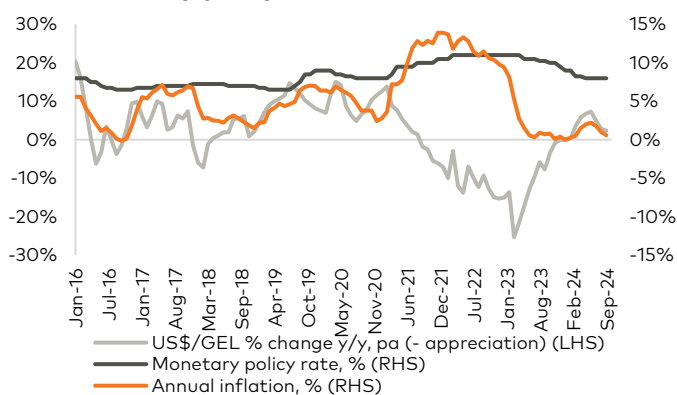
Source: NBG

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



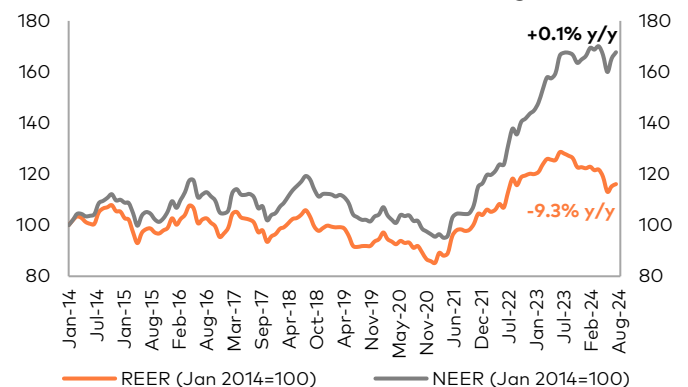
Source: NBG

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 (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	94.67	6.44	260.59
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	90.66	6.91	337.51
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	98.18	9.99	648.36
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	100.85	7.96	372.14
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	96.06	10.84	716.62
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.90	10.53	692.24
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	102.42	8.25	457.81

■ 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	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	8.40%
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	-/-/-	99.60	7.00%
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	7.75%
Silk Real Estate	EUR	7	7.00%	Aug-24	Aug-25	-/-/-	n/a	7.00%
Chavchavadze 64B	EUR	3	7.75%	Aug-24	Aug-26	-/-/-	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-	100.00	11.58%
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/B	100.00	12.83%
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-/-/-	100.00	13.22%
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-	100.00	12.33%
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-	100.00	13.50%
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/BB-	n/a	n/a

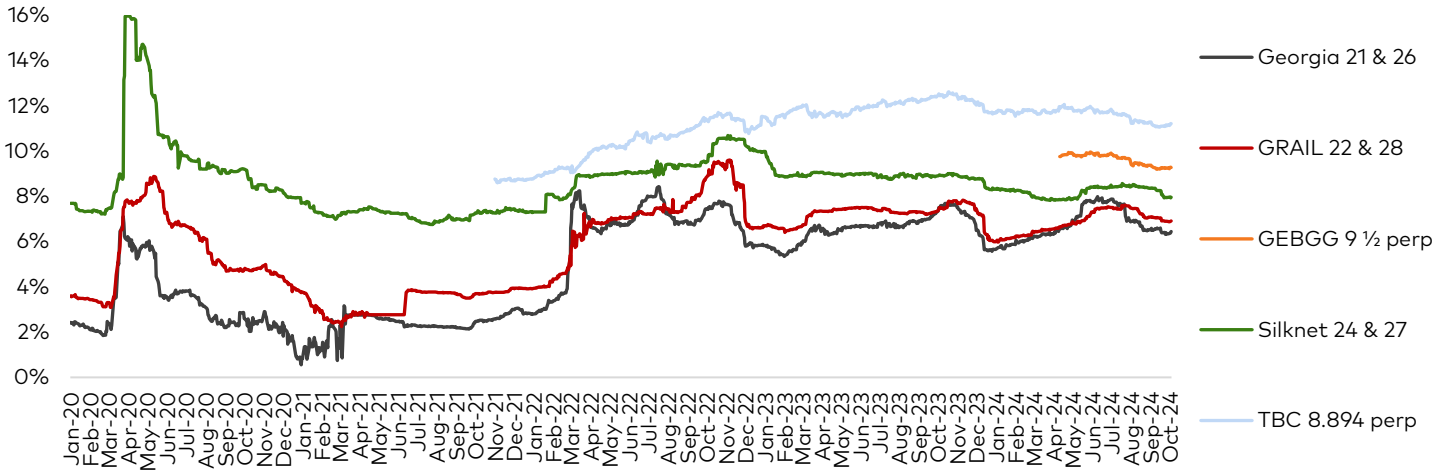
■ Galt & Taggart-led and/or co-managed deals

Source: Bloomberg, Galt & Taggart



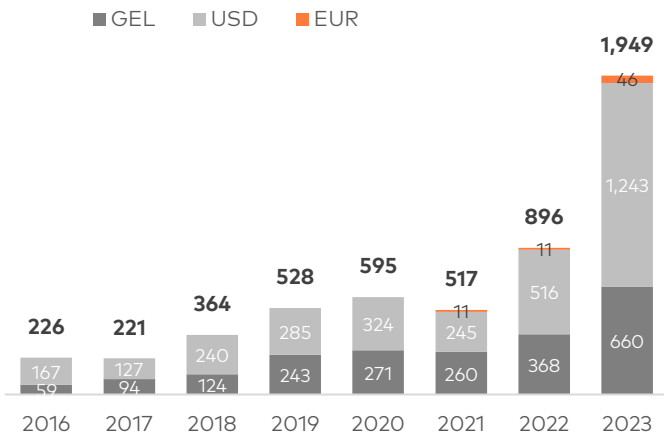
Fixed income

Georgian Eurobonds, YTM



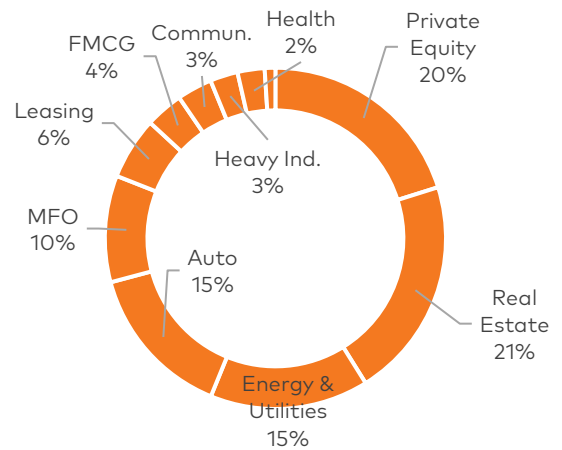
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



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

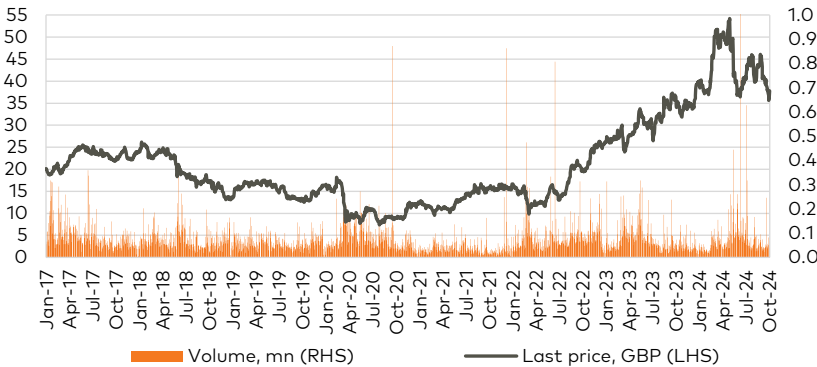
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

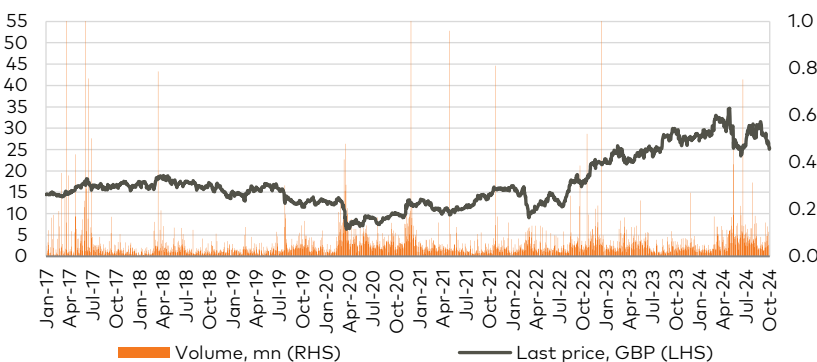
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 37.80/share (+0.13% w/w and -14.48% m/m). More than 281k shares traded in the range of GBP 35.50 - 38.00/share. Average daily traded volume was 55k in the last 4 weeks. The volume of BGEO shares traded was at 0.62% of its capitalization.

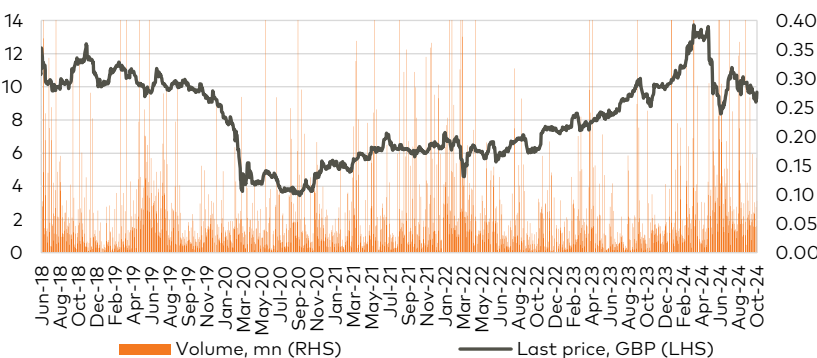
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 25.30/share (-6.47% w/w and -11.23% m/m). More than 286k shares changed hands in the range of GBP 24.70 - 27.05/share. Average daily traded volume was 58k in the last 4 weeks. The volume of TBCG shares traded was at 0.52% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 9.67/share (+3.31% w/w and -2.22% m/m). More than 422k shares traded in the range of GBP 9.02 - 9.73/share. Average daily traded volume was 81k in the last 4 weeks. The volume of CGEO shares traded was at 0.99% 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	37.80	1,723	-25.7%	7.5%	-4.9%	4.36x	3.43x	3.49x	1.19x	na	na
TBC	TBC	GBP	25.30	1,401	-20.1%	-12.5%	-10.6%	4.78x	4.09x	3.48x	1.15x	na	na
Halyk Bank	HSBK	USD	16.90	4,609	-5.7%	30.4%	11.5%	2.57x	2.64x	2.55x	0.72x	na	na
Akbank	AKBNK	TRY	54.35	282,620	3.7%	62.5%	48.8%	2.86x	4.20x	2.62x	0.90x	1.08x	0.77x
Garanti	GARAN	TRY	115.50	485,100	59.6%	123.4%	97.9%	2.84x	4.92x	3.19x	1.00x	1.49x	1.00x
Isbank	ISCTR	TRY	12.66	316,500	1.3%	27.8%	35.5%	3.23x	3.53x	2.18x	0.87x	0.96x	0.65x
PKO	PKO	PLN	54.08	67,600	-9.9%	56.4%	7.5%	11.44x	6.13x	6.06x	1.39x	1.34x	1.24x
PEKAO	PEO	PLN	142.10	37,297	-22.8%	40.7%	-6.5%	6.07x	5.75x	6.16x	1.32x	1.18x	1.11x
Millennium	MIL	PLN	8.14	9,874	-23.7%	39.3%	-2.6%	17.78x	3.60x	4.04x	1.47x	1.26x	1.10x
Mbank	MBK	PLN	583.80	24,791	-20.2%	47.5%	9.1%	na	5.68x	5.44x	1.65x	1.62x	1.27x
BRD	BRD	RON	20.10	14,008	-7.6%	31.4%	12.2%	7.62x	9.57x	9.78x	1.42x	1.46x	1.36x
Banca Transilvania	TLV	RON	27.35	21,843	12.1%	40.5%	29.4%	7.76x	6.58x	6.63x	1.82x	1.54x	1.59x
Komerčni	KOMB	CZK	787.00	149,569	-8.0%	18.0%	8.6%	8.76x	9.56x	9.56x	1.09x	1.19x	1.19x
Mean								6.67x	5.36x	5.01x	1.23x	1.31x	1.13x
Median								5.43x	4.92x	4.04x	1.19x	1.30x	1.15x

Source: Bloomberg, S&P Capital IQ

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