

8/6/2024

GEORGIA BIWEEKLY MARKET REPORT

Weekly Highlights

Real GDP growth was 7.5% y/y
 In Jun-24 Georgia's economy grew by 7.5% y/y in Jun-24, after growing by 9.2% y/y in previous month. Cumulatively, real GDP growth reached 9.0% y/y in 1H24. The financial & insurance, construction, ICT, transport, and professional & scientific activities were the primary drivers of growth in June. Meanwhile, only manufacturing sector contracted in the same period. We maintain our real GDP growth forecast at 7.0% for 2024 (see latest macro forecasts here). CA deficit reduced to 5.0% of GDP in 1Q24

NBG kept its key rate unchanged at 8.0%
 On July 30, 2024, the NBG's Monetary Policy Committee decided to keep its key rate unchanged at 8.0%, citing increased inflationary risks from volatile international oil and food prices as well as higher shipping costs from China. Based on NBG's updated forecast, inflation is expected to gradually approach the 3.0% target level through 2024. The next committee meeting is scheduled for 11 September 2024.

IFI GEL Bonds

Issuer	Currency	Size of issue(mn)	Maturity	coupon rate	Rating (Fitch)	Coupon rate terms
ADB	GEL	30	15-Jul-24	9.51%	AAA	3m GEL CD NBG Rate + 20 bps
EBRD	GEL	92	20-Oct-26	10.28%	AAA	3m TIBR
EBRD	GEL	93	20-Jul-24	10.28%	AAA	3m TIBR

Perpetual Bonds

Georgian Issuer	Currency	Amount (mn)	First Reset Date	Current coupon	Rating (Fitch)	%	Z-Spread (bps)
TBC AT1	USD	125	3-Oct-24	10.775%	B-	12.88%	846.40
BGEO AT1	USD	100	28-Jun-24	11.125%	B-	13.45%	631.63

Domestic GEL Bonds

Issuer	Currency	Amount (mn)	Maturity	Yield	Fitch Rating	Coupon	Z-spread (bps)
Cellfire	GEL	65	Dec-23	n/a	--	TIBR6M + 3.50%	n/a
EVEK	GEL	50	Nov-24	n/a	--	Ref rate + 3.10%	n/a
Nikora trade	GEL	35	Nov-24	n/a	--	TIBR3M + 3.50%	n/a
Nikora	GEL	35	Nov-25	n/a	--	TIBR3M + 3.50%	n/a
TBC Leasing	GEL	100	Mar-26	n/a	BB	TIBR3M + 2.75%	n/a
TBC Leasing	GEL	15	Jun-26	n/a	BB	TIBR3M + 3.00%	n/a
Tegeta Motors	GEL	150	Dec-25	n/a	--	TIBR3M + 3.50%	n/a
Tegeta Motors	GEL	20	Dec-25	n/a	--	TIBR6M + 3.50%	n/a
MFO Crystal	GEL	25	Feb-25	n/a	B-	TIBR6M + 4.75%	n/a
MFO MBC	GEL	15	Dec-24	n/a	--	TIBR3M + 4.50%	n/a
MFO Rico Express	GEL	130	Mar-26	n/a	--	TIBR1D + 2.00%	n/a

Domestic FX Bonds USD

Issuer	Currency	Amount (mn)	Maturity	Yield	Fitch Rating	Coup. rate	Mid Price
Bakhvi Hydro Power	USD	1.2	Nov-27	n/a	--	9.4%	n/a
Energy Development C	USD	10	Jun-25	n/a	--	8.5%	n/a
Georgia Real Estate	USD	35	Oct-24	8.50%	--	8.5%	100
Geo. Renewable Powe	USD	80	Oct-27	7.00%	--	7.0%	100
Geosteel	USD	15	Apr-25	9.0%	--	9.0%	100
IG Development	USD	15	Jan-24	6.88%	--	6.88%	99.94
IG Development	USD	15	Jul-24	8.75%	--	8.5%	99.80
Lisi Lake Development	USD	12	Dec-24	6.75%	--	6.5%	99.72
Lisi Lake Development	USD	10	Dec-24	8.5%	--	8.5%	100
Silk Real Estate	USD	20	Apr-26	9.0%	--	9.0%	100.01
Georgia Capital	USD	150	Aug-28	8.19%	--	8.5%	101.20
Silk Real Estate	USD	20	Sep-26	8.63%	--	9.25%	101.23
Prime Concrete	USD	7.5	Sep-27	n/a	--	10.5%	n/a
Austrian-Georgian Dev	USD	15	Oct-25	n/a	--	9.0%	n/a
Tegeta Motors	USD	20	Apr-25	8.75%	--	8.5%	99.64

Eurobonds

Georgian Issuer	Currency	Amount (mn)	Maturity	Mid yield	Rating (Fitch)	Coupon rate	Z-Spread (bps)
GEO Sovereign	USD	500	Apr-26	7.63%	BB	2.75%	279.81
GEORAIL	USD	500	Jun-28	7.78%	BB-	4.00%	316.31
TBC	USD	300	Jun-24	6.78%	BB-	5.70%	128.55
Silknet	USD	300	Jan-27	8.98%	B	8.37%	423.89

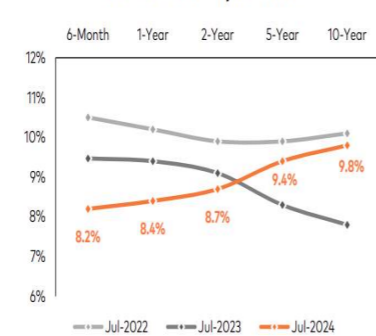
Short Term Central Bank Facilities

	O/N	6 months	2 years	Issuer
GEL	9.00%	10.50%	10.50%	NBG
USD	5.30%	5.00%	4.46%	US FED
EUR	3.90%	3.60%	2.80%	ECB

Geo Ministry of Finance T-Bills

Term	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	410	9.3	200
1-year	GEL		9.1	40
2-year	GEL		8.8	80
5-year	GEL	8,203	8.5	2090
10-year	GEL		8.3	170
Total		8613		2580

T-bills / T-notes, yield curve



Source: NBG

Georgian Lari (GEL) spot FX rates



GEL Interbank Deposit Rates (TIBR)



Customer deposit rates

% p.a.	BGEO	TBC
GEL		
3 months	9.04	9.5
1 year	9.25	10
2 years	9.55	9.4
USD		
3 months	0.80	0.80
1 year	1.50	1.5
2 years	1.98	1.95
EUR		
3 months	0.00	0.3
1 year	0.40	0.4
2 years	0.60	0.6

Georgia Macro-Economic Data

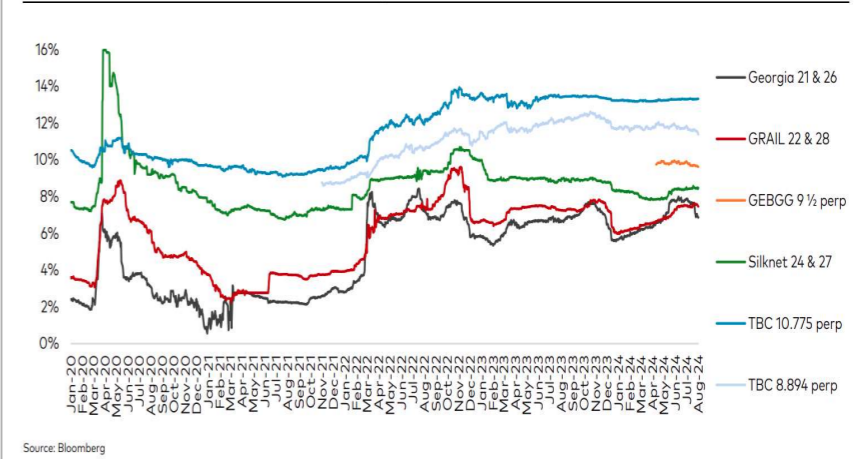
		Key macro indicators	
		2023	2024F
Real GDP growth (% change)	7.5%	7.0%	
GDP per capita (ppp)	23,344	24,967	
GDP per capita (US\$)	8,210	8,727	
Population (mn)	3.7	3.7	
Inflation (average)	2.5%	2.5%	
Gross reserves (US\$ bn)	5.0	4.8	
CAD (% of GDP)	4.4%	5.6%	
Fiscal deficit (% of GDP)	2.5%	2.5%	
Total public debt (% of GDP)	39.2%	39.0%	
Fitch/S&P/Moody's*	BB/BB/Baa2		

Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Bond Market News

Ministry of Finance T-bills/T-notes:
 5-year GEL 85.0mn (US\$ 31.4mn) Benchmark bonds were sold at the auction held at NBG on July 23, 2024. Total demand was 2.6x higher and the weighted average yield was fixed at 9.481%, down by 0.150ppts from previous auction held in Jun-24. The nearest treasury security auction is scheduled for August 6, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 3.4-year Benchmark Bonds will be sold.

Georgian Eurobonds, YTM



Source: Bloomberg

Weekly Highlights

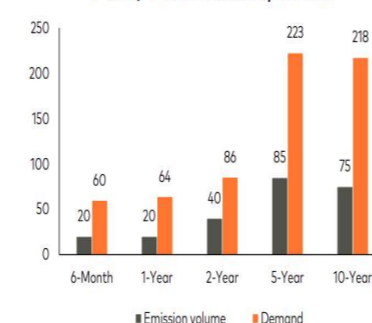
Annual inflation was 2.2% in Jun-24

In Jun-24, annual inflation reached 2.2%, up from the 2.0% print in previous month. This increase was primarily driven by a 2.8% y/y rise in domestic inflation (+2.5% y/y in May-24), followed by a 3.3% y/y increase in imported inflation (+3.8% y/y in May-24). Notably, core inflation, excluding volatile food, energy and tobacco prices, slowed to 1.4% y/y in Jun-24 from 1.7% y/y recorded in previous month. By categories, annual inflation in Jun-24 was mostly driven by price changes in transport (+11.0% y/y, +1.31ppts), food and non-alcoholic beverages (+1.9% y/y, +0.63ppts), hotels & restaurants (+7.5% y/y, +0.25ppts), alcoholic beverages & tobacco (+3.4% y/y, +0.23ppts) and education (+3.8% y/y, +0.17ppts) categories.

International reserves at US\$ 4.6bn in Jun-24

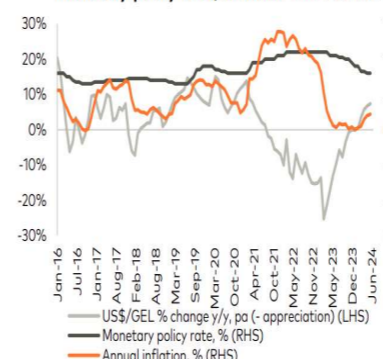
Gross international reserves decreased by 9.6% y/y to US\$ 4.6bn in Jun-24, according to NBG. On a monthly basis, the reserves were down by 0.4% (-US\$ 19.0mn). Notably, there was one FX auction in June, where NBG sold US\$ 60.0mn. Other changes in reserves were attributed to the government and/or banking sector FX operations, and likely also to NBG's FX trading via BMatch platform (information will be available on 25 July).

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



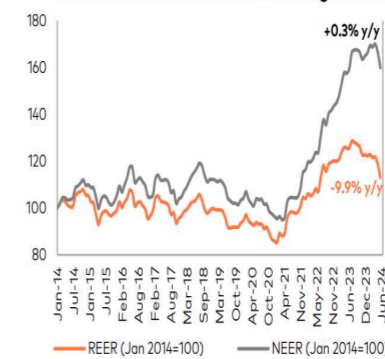
Source: NBG

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

Sources: TBC Capital, Galt & Taggart, Bank of Georgia, NBG, GEOSTAT, MarketWatch, Trading Economics...

*n/a – currently not available, subject of further research



Belgian company Jan De Nul wins tender for Anaklia Port construction

The winner of the international tender for the construction works of the marine infrastructure of the Anaklia Deep Sea Port has been announced. The large Belgian company Jan De Nul, one of the "Big Four" in the dredging industry, was selected, the Ministry of Economy and Sustainable Development reported.

After negotiations, Jan De Nul, one of the largest European companies in the world, will undertake the deepening of the harbor's water area and the construction of a breakwater.

"The tender commission, which included international consultants, chose Jan De Nul as the best among the three participating companies, all of which are European and possess an excellent global reputation. These companies control 80% of the world's dredging fleet.

Jan De Nul, founded in 1938, has a turnover of EUR 2.5 billion and employs over 7,000 people. The company has been actively involved in major projects such as the Panama Canal expansion and has carried out or is currently undertaking projects in various regions, including Europe, the Gulf, and Africa.



Global Equity Indexes			
Prev. Close	Div. Yield	Performance	Date
DJIA			
39,869.38	--		16-May-24
38,061.30	--	-4.75%	30-May-24
39,291.37	--	3.13%	10-Jul-24
39,853.87	--	1.41%	24-Jul-24
39,091.46	--	-1.95%	6-Aug-24
DAX			
18,684.25	--		16-May-24
18,482.05	--	-1.09%	30-May-24
18,341.55	--	-0.77%	10-Jul-24
18,146.85	--	-1.07%	24-Jul-24
17,371.35	--	-4.46%	6-Aug-24
MSCI			
	Div. Yield		
	from 05/29/2020		
3,464.05	2.85%		16-May-24
3,423.68	2.85%	-1.18%	30-May-24
3,583.60	2.85%	4.46%	10-Jul-24
3,499.68	2.85%	-2.40%	24-Jul-24
3,388.88	2.85%	-3.27%	6-Aug-24

Chart of the month by G&T: Record high tourism revenues in 1H24



Commodity price dynamics report			
Overview			
INDEX	VALUE	CHANGE	%CHANGE
BOOMTRND	233.55	-0.35	-0.43%
CMOTRND	1497.76	+1.32	+0.09%
CRYTRND	397.93	-1.44	-0.45%
INDXTRND	3,698.84	+20.24	+0.57%
SIFSCOTRND	3,445.25	-22.88	-0.65%

Energy			
INDEX	UNITS	PRICE	CHANGE
CLCOCOM	USD/bbl	72.79	-0.85
COXCOM	USD/bbl	76.98	-0.88
XBICO	USD/gal	2.24	-0.05
NBICO	USD/MMBtu	2.02	-0.02
HCOCOM	USD/gal	290.97	+1.11

Precious and Industrial Metals			
INDEX	UNITS	PRICE	CHANGE
GOXCOM	USD/oz	2,429.50	-5.90
YAUINDCUR	USD/oz	2,382.96	-27.83
SIXCOM	USD/oz	27.20	-0.01
HDXCOM	USD/lb	402.35	+2.45
XPTUSDUR	USD/oz	924.08	+11.2

Georgian Equities

A Listing

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
GEB	Bank of Georgia JSC	Stock	27,993,660	43,308,125	GEL	43,308,125	GE1100000276

B Listing

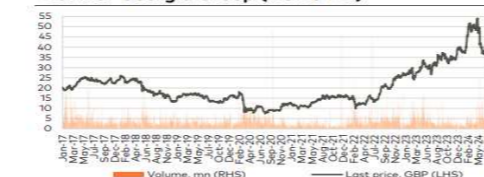
Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
GIGB	Green Insurance Georgia JSC	Stock	9,000,000	9,000,000	GEL	15,000,000	GE1100003965
MEHBB	Metro Euphoria Hotel Batumi JSC	Stock	54,476,929	54,476,929	GEL	54,476,929	GE1100003932

Admitted to Trading

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
AEST	Telasi JSC	Stock	112,429,418	112,429,418	GEL	112,429,418	GE1100000474
BANK	Liberty Bank JSC	Stock	4,489,682,955	29,000,000,000	GEL	44,896,829.55	GE1100000300
UGB	VTB Bank Georgia JSC	Stock	209,008,277	209,008,277	GEL	209,008,277	GE1100000029

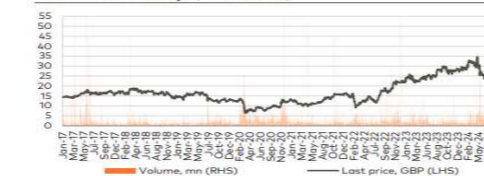
Equities overview by Galt and Taggart

Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 41.50/share (-9.78% w/w and +2.34% m/m). More than 264k shares traded in the range of GBP 41.15 - 47.10/share. Average daily traded volume was 70k in the last 4 weeks. The volume of BGEO shares traded was at 0.58% of its capitalization.

TBC Bank Group (TBCG LN)



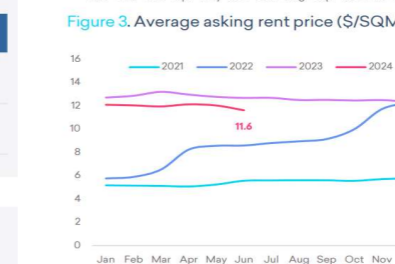
TBC Bank Group (TBCG LN) closed the week at GBP 28.05/share (-7.27% w/w and +8.72% m/m). More than 579k shares changed hands in the range of GBP 28.00 - 31.95/share. Average daily traded volume was 85k in the last 4 weeks. The volume of TBCG shares traded was at 1.05% of its capitalization.

Georgia Capital (CGEO LN)

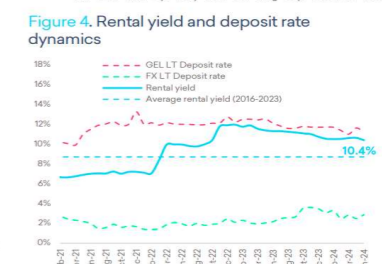


Georgia Capital (CGEO LN) shares closed at GBP 9.92/share (-6.94% w/w and +0.61% m/m). More than 227k shares traded in the range of GBP 9.92 - 10.88/share. Average daily traded volume was 84k in the last 4 weeks. The volume of CGEO shares traded was at 0.53% of its capitalization.

Tbilisi Residential Market Update



Source: NAPR, NBG, TBC Capital
Note: changes in sale and rent prices are calculated using NBG data, while absolute values are based on myhome data



JSC "Liberty Bank" Issues First Public Bond

On 24 July, 2024, following the approval of the Preliminary Prospectus by the National Bank of Georgia, JSC Liberty Bank (the "Company") began the issuance process of US\$25,000,000 (twenty-five million) inaugural public subordinated debt securities (the "Bond"). The issuance of the security will be made through a public offering from 8 August 2024 and will target qualified investors. The aim of the transaction is to raise tier two capital for the bank.

The placement and payment and calculation agent of the aforementioned bond issuance is "Alpha Capital Advisory" LLC. The legal advisor of the transaction is "BLC Law Firm" LLC.

Main parameters of the transaction are as follows:

Issuer	JSC Liberty Bank
Format	Public lister offer
Rank & security	Subordinated and Unsecured Bond
Size	25,000,000 (twenty-five million) US dollars
Denomination / minimum investment volume	Denomination 1,000 (one thousand) US dollars. The investment volume is not less than 100,000 (one hundred thousand) GEL equivalent to US dollars
Expected bond issuance date	8 August 2024
Maturity	7 years
Annual coupon rate & type	Fixed coupon rate to be determined at the time of the preliminary offer
Payment of interest	Semiannual
Type of investors	Qualified investors only
Legislation	Georgian Law



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