

# Georgian Weekly Digest

28 July 2017 - 4 August 2017

## Economy

**Georgia's real GDP growth rate was 4.6% in June 2017 while average real GDP growth in 2Q 2017 was 4.0% and 4.5% in 1H 2017.** The rapid estimates for GDP growth are calculated by GeoStat based on VAT numbers, together with fiscal and monetary statistics.

**Inflation rate amounted to 6.0% y/y and -0.9% m/m in July 2017 while core inflation (excluding food items and energy products) stood at 4.3% y/y.** Annual inflation was well above NBG's target for 2017 of 4.0%.

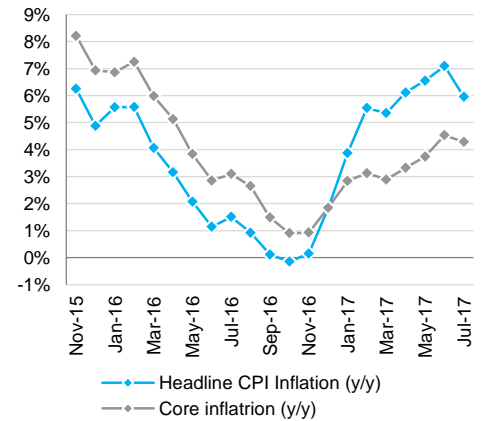
The main contributing factors to negative monthly inflation in July were food and non-alcoholic beverages (-0.78ppts, down 2.6% m/m) and transportation (-0.14ppts, down 1.0% m/m).

Annual inflation was mainly driven by food and non-alcoholic beverages (+2.14ppts, up 7.1% y/y), transportation (+1.61ppts, up 12.6% y/y), alcoholic beverages and tobacco (+0.13ppts, up 17.3% y/y) and healthcare (+0.62ppts, up 6.9% y/y).

**Total international arrivals were up 28.5% y/y to 982.5 thousand in July 2017, while number of tourists increased 32.9% y/y to 519.3 thousand.**

The number of visitors from Russia stood at 219.1 thousand (up 60.4% y/y), followed by Armenia at 209.1 thousand (up 25.4% y/y), Azerbaijan at 190.6 thousand (up 13.8% y/y), Turkey at 141.3 thousand (up 0.6% y/y) and Iran at 44.8 thousand (up 85.8% y/y). Noticeably, arrivals from Saudi Arabia grew 3.5x y/y to 16.9 thousand in July.

Annual inflation, y/y

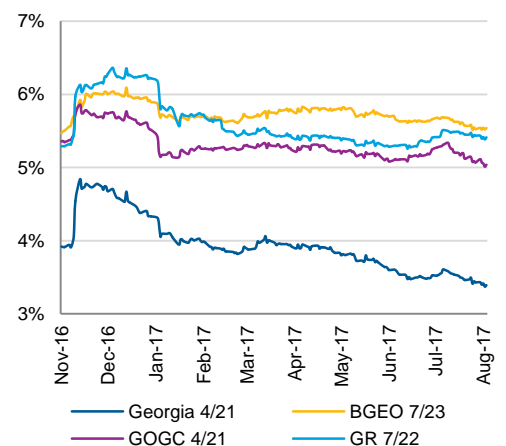


Source: GeoStat

## Debt and Money Market

**Eurobonds:** during the week Georgia's Sovereign Eurobond (GEORG 4/21) price was up 0.1% w/w to 111.9 (YTM 3.4%). BGEO Group JSC (BGEOLN 7/23) price was unchanged w/w at 102.3 (YTM 5.5%), Georgian Oil & Gas Corporation (GEOROG 4/21) price was up 0.3% w/w to 105.7 (YTM 5.0%), while Georgian Railway (GRAIL 7/22) price was up 0.1% w/w to 110.0 (YTM 5.4%).

Eurobond yield performance



Source: Bloomberg

## Equity Market

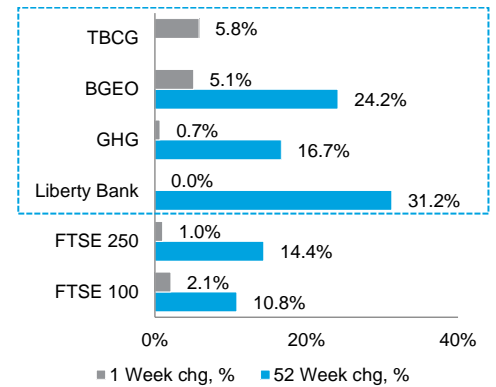
On Friday's trading session, **TBC Bank Group PLC (TBCG LN)** shares closed at GBP 17.09, up by 5.8% w/w. During the week 207.6 thousand shares traded on the London Stock Exchange.

During the week 309.5 thousand of **BGEO Group PLC (BGEO LN)** shares traded, closing at GBP 36.15 (up by 5.1% w/w) on Friday's trading session.

**Georgia Healthcare Group PLC (GHG LN)** shares were up 0.7% w/w closing at GBP 3.57 on Friday. During the week 71.6 thousand GHG shares changed hands on the LSE.

No trades were recorded on the **Georgian Stock Exchange**.

## Georgian stock & index performance



Source: Bloomberg

## Georgian Stock Performance

Name	Ccy	Mcap, mn	Price	Change			Multiples		
				1W	YTD	52W	12t P/E	12f P/E	P/B
TBC Bank	GBP	901	17.09	5.8%	17.3%	n/a	8.81x	7.09x	1.78x
BGEO Group	GBP	1,427	36.15	5.1%	21.3%	24.2%	10.31x	8.24x	1.95x
Georgia Healthcare Group	GBP	461	3.57	0.7%	-2.0%	16.7%	28.14x	16.79x	2.87x
Liberty Bank	GEL	116	0.0210	0.0%	23.5%	31.2%	3.67x	n/a	0.93x

Source: Bloomberg, TBC Capital

## Georgian and Eastern European Sovereign Eurobond Price Performance

Name	Size, mn	YTM (mid)	Price (mid)	Change			Key Parameters		
				1W	YTD	52W	Dur.	S&P/Moody's/Fitch	Z-Spread, bps
Georgia 6.875% 4/2021	500	3.4%	111.9	0.1%	1.9%	0.6%	3.3	BB-/Ba3/BB-	149
BGEO Group 6.00% 7/2023	350	5.5%	102.3	0.0%	1.7%	1.6%	5.1	-/B1/BB-	346
GOGC 6.75% 4/2021	250	5.0%	105.7	0.2%	1.0%	1.5%	3.3	B+/-/BB-	314
Georgian Railway 7.75% 7/2022	500	5.4%	110.0	0.1%	2.7%	-1.3%	4.2	B+/-/B+	355
Azerbaijan 4.75% 3/2024	1,250	4.3%	102.4	0.3%	2.7%	0.1%	5.7	-/-/BB+	226
Armenia 6% 9/2020	500	3.9%	106.0	0.5%	2.1%	2.4%	2.9	-/B1/B+	206
Belarus 8.95% 1/2018	800	3.0%	102.7	0.0%	-1.4%	-2.2%	0.5	B-/Caa1/-	100
Kazakhstan 3.875% 10/2024	1,500	3.4%	103.0	0.2%	2.5%	0.8%	6.3	BBB-/Baa3/BBB	130
Romania 6.75% 2/2022	2,250	2.8%	116.4	0.2%	2.1%	-2.9%	4.0	BBB-/Baa3/BBB-	98
Russia 5% 4/2020	3,500	2.6%	106.2	0.1%	-0.2%	-1.3%	2.6	BB+/Ba1/BBB-	87
Slovenia 5.5% 10/2022	823	2.5%	114.6	0.1%	3.6%	0.2%	4.6	A+/Baa3/A-	57
Turkey 5.625% 3/2021	2,000	3.2%	110.2	0.3%	2.5%	-0.6%	2.6	NR/Ba1/BB+	141

Source: Bloomberg

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