

Market Consolidation Amidst Stable Macro Statistics

Market overview

During the period from May 19 to June 2, 2025, the Armenian stock market showed sideways movements. The only exception was ACBA Bank's stock, which rebounded by 3.0%, following an over 5% decline since the beginning of the year. Market sentiment could be favorably affected by the data on GDP growth for the first quarter of this year, that was stronger than expected, +5.2% y/y. Shares of Telecom Armenia (AMTL), however, remained unchanged due to a lack of significant news.

The dram-U.S. dollar exchange rate has slightly strengthened, by 0.2%, rebounding just a bit from the lows of the last 12 months (380 AMD/USD) reached during the period. Signs of growth in balance of international transfers to the country (+164% in April), coupled with the stabilization of foreign trade turnover after a significant decline in early 2025, support the stability of the dram exchange rate. Meanwhile, the AMX 3-year Corporate Bond Index exhibited insignificant movement, adding another 0.1% over the review period, although trading 1.8% higher y/y and 1.4% above the level of the beginning of 2025. The upward trend of the index over the past couple of months, given unchanged market inputs, may indicate a slight revival of interest in fixed income instruments in the country.

Economic news

From May 19 to April 2, 2025, the Statistical Committee of the Republic of Armenia published some significant statistics on the country's economy. In particular, the Armenia's GDP grew more than expected in the first quarter, as did economic activity and retail sales in April. Nonetheless, the statistics on foreign trade, albeit remaining significantly lower y/y due to the high base of last year, indicate a relative stabilization of trade flows.

- o In April, the growth of economic activity in Armenia accelerated to 5.4% y/y and 4.3% m/m. Moreover, the data was slightly higher than expected. In January–April, economic activity expanded by 4.4% y/y, driven by the services sector (+9.9% y/y), trade (+5.2% y/y) and construction (+15.0% y/y), while the industrial sector contracted by 16.1% y/y. However, the Eurasian Development Bank (EDB) predicts an acceleration in economic activity growth in the latter half of 2025 due to the expected recovery in the industrial sector.
- o Armenia's trade deficit reduced slightly in dollar terms by 13% to about \$341 million. Particularly, exports in April declined by 60% y/y (vs. -65% in March), imports decreased by 57% y/y (vs. -51% in the previous month). As a result, foreign trade turnover fell more significantly than in March, by 50% y/y. However, overall statistics indicate a relative stabilization of foreign trade dynamics, and the year-over-year decline was not a surprise, given the deteriorating situation with (processing and) re-export of precious metals in recent months and the effect of a high base in 2024.
- o According to preliminary estimates, Armenia's GDP grew by 5.2% y/y to 2.1 trillion drams in the first quarter of 2025, which was higher than the forecast (+2.9% y/y). The main drivers of this growth were finance and insurance (+27.5% y/y), IT and telecom (+16.2% y/y) and construction (+14%). The pressure was exerted by the mining and manufacturing industries, which reduced by 10.5% and 21.1%, respectively. The decline in manufacturing activity is associated with a significant drop in the processing and re-export of precious metals from the country since the beginning of 2024, which surged during 2024.
- o The producer price index for April remained at last month's level of 1.9% y/y, being slightly higher than the expected 1.5%. Retail sales in the country also aligned with March's figures and were slightly stronger than projected (+2.6%), remaining at the level of +3.2% y/y. Statistics confirm that inflation dynamics remain under control, which increases the likelihood of maintaining a soft monetary policy.

Rafael Mkrtchyan

Senior Analyst, Capital Markets Research
rafayel.mkrtchyan@ffin.am

Vadim Merkulov

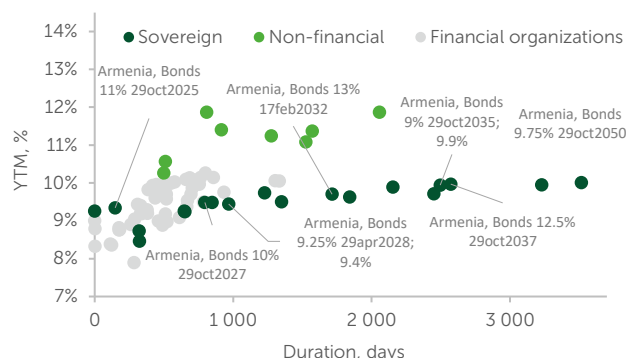
Director, Capital Markets Research
vadim.merkulov@ffin.am

Key economic indicators

	Growth YoY	Growth MoM
CPI - Apr	3.2%	0.1%
GDP - 1Q 2025	5.2%	-34.4% QoQ
Economic activity index - Apr	5.4%	4.3%

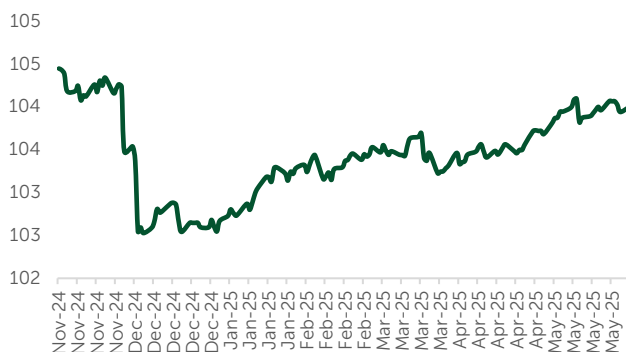
Source: armstat.am, Freedom Broker Armenia

Armenian issuers' bonds denominated in AMD



Source: cbonds.com, Freedom Broker Armenia

Three-year corporate bonds index in AMD *



Source: amx.am, Freedom Broker Armenia

*The historical comparison of the index is irrelevant - since September 10 the calculation method was revised

Company news

- As part of the ConFEAS 2025, a regional capital market forum held in Yerevan, AMX was announced to officially join the Tabadul digital exchange platform. This means the reciprocal connection of the exchanges of Armenia and Abu Dhabi, making them mutually accessible.
- The TUMO Center opened in Gunma Prefecture, Japan, becoming the organization's first project in Asia. The center, located in Takasaki, will provide Japanese teenagers with training at the nexus of technology and design. As part of the expansion, new centers are planned to be opened in Maebashi and Kusatsu.

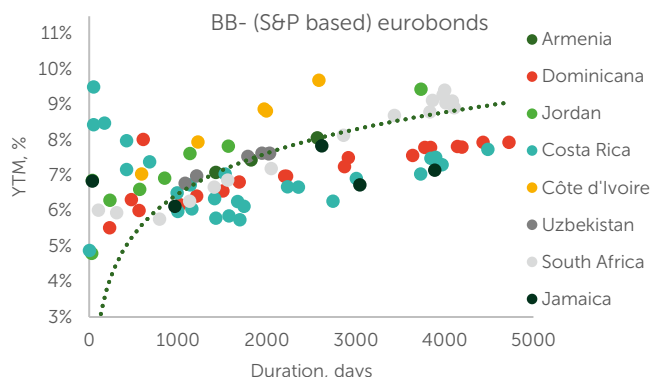
Outlook for the next two weeks

In the period from June 6 to June 16, 2025, only a few macroeconomic indicators are scheduled for publication. However, updated/revised figures of previously released statistics may be published.

Among the significant releases, we can single out data on consumer inflation for May, which is projected to remain within the target range of the Central Bank at 3.2% y/y. These statistics will be an important signal for understanding/predicting further decisions of the Central Bank of Armenia on monetary policy.

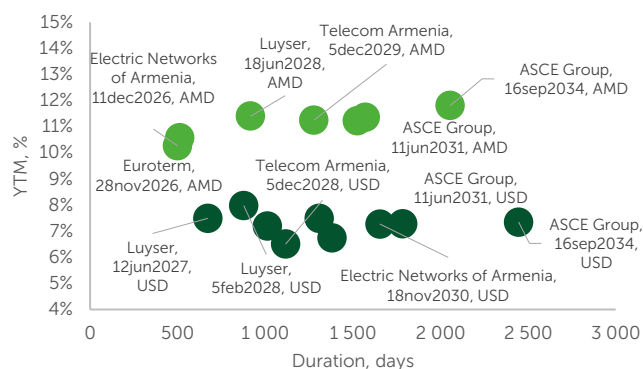
Moreover, a Central Bank meeting will be held within a month. In the baseline scenario of Freedom Broker, the refinancing rate is expected to remain at the current level. Presently, the rate (6.75%) is close to neutral, in our opinion. And its movement in the short/medium term will mostly depend on the dynamics of inflation, that has recently stabilized at a level close to the regulator's target (3%±1 percentage points), as well as on overall trends in the economy.

Sovereign Eurobonds of developing countries with BB-rating, in USD



Source: amx.am, cbonds.com, Freedom Broker Armenia

Non-financial organizations' bonds of RA



Source: cbonds.com, Freedom Broker Armenia

USD/AMD dynamics

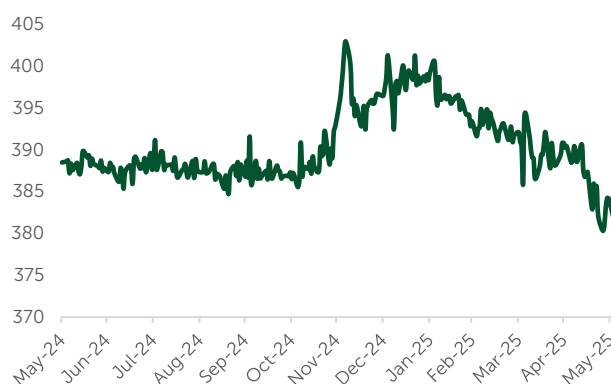


Chart 1: Currency rate dynamics

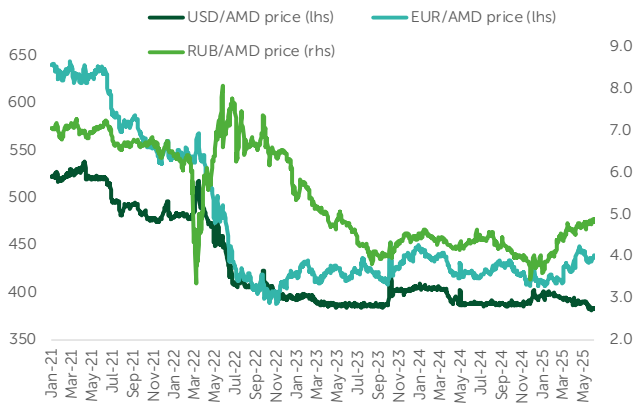


Chart 2: CPY vs refinancing rates of RA

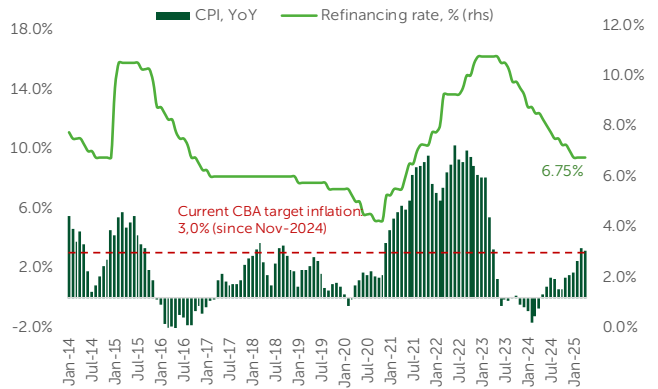


Chart 3: Armenian export breakdown by countries

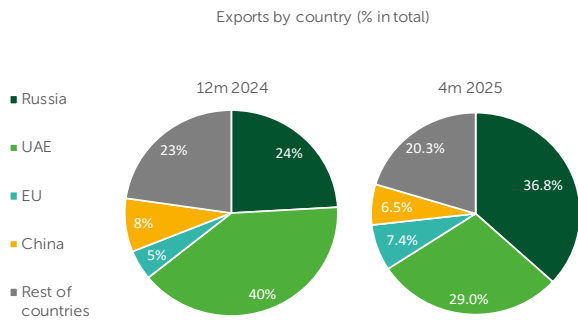


Chart 4: Armenian import breakdown by origin countries

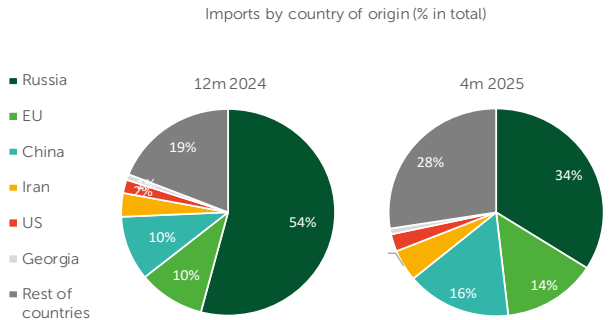


Chart 5: Armenian export breakdown by products

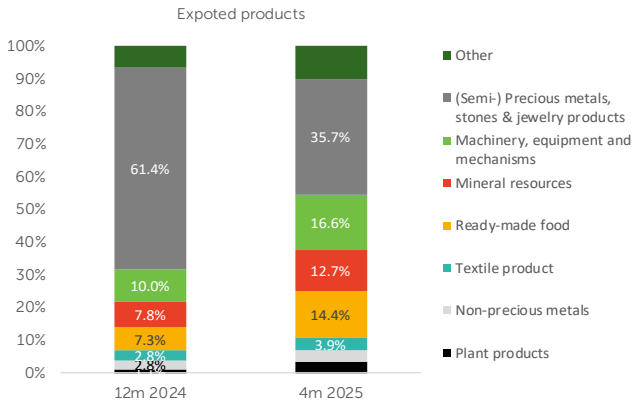


Chart 5: Armenian import breakdown by products

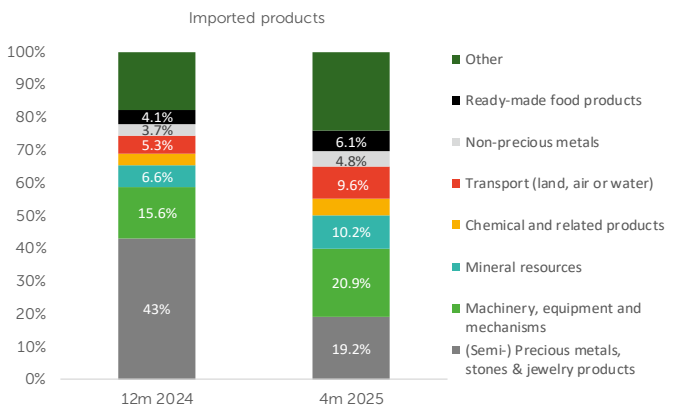


Chart 6: Construction price index

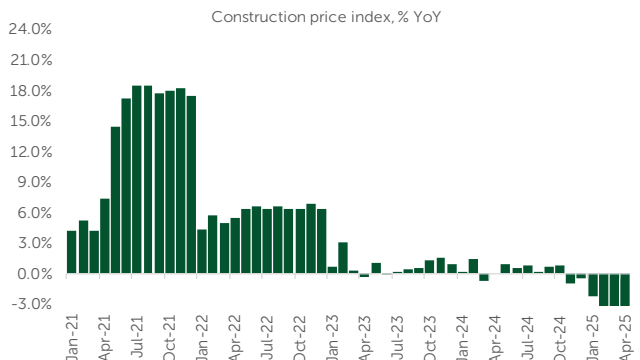
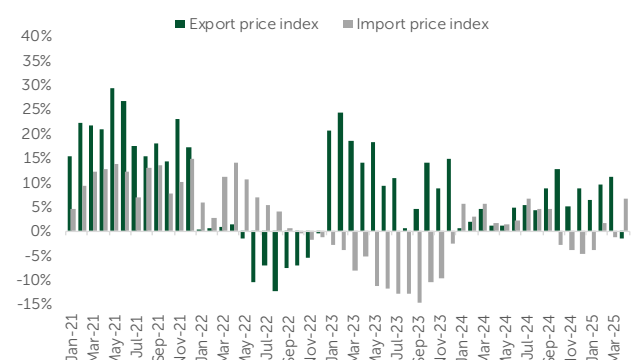


Chart 7: Export and import price indices



Source: armstat.am, cba.am, FactSet, Bloomberg, Freedom Broker Armenia

Freedom Broker Armenia

«Ֆրիդոմ ֆինանս Արմենիա» ՍՊԸ-ն վերահսկվում է ՀՀ Կենտրոնական բանկի կողմից, լիցենզիա՝ ՆԸ 0021: Հանդիսանում է «Freedom Holding Corp.»-ի անդամ՝ գործելով Freedom Broker ապրանքանշանի ներքո:

"Freedom Finance Armenia" LLC is regulated by the Central Bank of the Republic of Armenia, license ՆԸ 0021. It is a member of "Freedom Holding Corp." operating under the Freedom Broker brand.

ffin.am/+37412252252

Այս բաժնի նյութերը հրապարակված են միայն տեղեկատվական նպատակներով, ուղղված են Ընկերության հաճախորդներին, չեն հանդիսանում ոչ անհատական ներդրումային առաջարկություն, ոչ էլ տարբեր ընկերությունների ֆինանսական գործիքներում ներդրումներ կատարելու առաջարկ: Արժեթղթերի և այլ ֆինանսական գործիքների սեփականությունը միշտ ռիսկ է պարունակում. արժեթղթերի և այլ ֆինանսական գործիքների արժեքը կարող է աճել կամ նվազել: Նախկինում կատարված ներդրումների արդյունքները չեն երաշխավորում ապագայում դրանց վերադարձը: Գործող օրենսդրության համաձայն Ընկերությունը չի երաշխավորում և չի խոստանում ներդրումների ապագա շահույթը, չի երաշխավորում հնարավոր ներդրումների հուսալիությունը և հնարավոր եկամտի չափի կայունությունը:

The materials in this section are published for informational purposes only, are addressed to the Company's clients, do not constitute neither an individual investment recommendation nor an offer to invest in financial instruments of various companies. Ownership of securities and other financial instruments always involves risk: the value of securities and other financial instruments may rise or fall. Results of investments in the past do not guarantee returns in the future. Under applicable legislation the Company does not guarantee and does not promise future returns on investments, does not guarantee the reliability of possible investments and stability of the amount of possible income.