

The Armenian Market: Stocks Mixed, Bond Index Stable

Market overview

From March 10 to 24, 2025, the Armenian stock market exhibited mixed performance. Despite a stable news backdrop, ACBA Bank shares appreciated by 1.3%, lingering near their 12-month high of AMD 15,000. The market remained largely devoid of significant developments concerning the company, except for the launch of Visa Signature Limited Edition cards, featuring augmented reality technology with the artwork "Armenia. Panel" by Martiros Saryan. Telecom Armenia's stock price contracted by 1.4% over the designated period, hitting its lowest point since late November 2024. Despite news of a substantial modernization of its mobile network infrastructure across Yerevan, regional areas, and major highways—an upgrade expected to considerably enhance service capabilities and quality—the shares continue to face downward pressure. Concurrently, Tell Cell shares, which commenced trading on AMX on December 30, 2024, declined by 4.5% during the timeframe, reverting to the pre-IPO placement level of AMD 400.

The AMX three-year corporate bond price index experienced a modest uptick of 0.2%. As anticipated, the Central Bank upheld the refinancing rate at 6.75% following its March meeting. It is noteworthy that the bond index has sustained a gently ascending trajectory since the start of the year, appreciating by 1.0%. The exchange rate remains stable; however, the potential for heightened exchange rate volatility cannot be overlooked. According to the EDB forecast, foreign trade volumes are expected to face further pressure. In our assessment, this impact should remain modest, considering the decline in exports and imports observed over the past few months.

Economic news

Between March 10 and March 24, 2025, Armenia's Statistical Committee disseminated a select array of critical macroeconomic indicators. Notably, the construction sector experienced growth in February, albeit at a marginally decelerated pace compared to the previous month. The Central Bank's decision to hold the refinancing rate steady aligned with projections from Freedom Broker, though we acknowledge the potential for an additional rate reduction in H1 2025, contingent upon forthcoming macroeconomic data.

- Construction volumes in Armenia maintained their upward trajectory, albeit with a deceleration in the growth rate to 11.6% y/y in January, down from nearly 15% y/y the previous month. The construction sector remains robust, buoyed by heightened public interest in real estate investments. However, we anticipate this momentum will temper as the state support program for mortgages incrementally winds down.
- The Eurasian Development Bank (EDB) anticipates that Armenia's foreign trade decline, which saw a 40% y/y decrease in January, will persist through the first half of 2025. This projection is set against the backdrop of diminishing positive influences from precious metals trade on both exports and imports. The contraction in foreign trade flows of precious metals should largely be mirrored in export and import metrics, as well as in the exchange rate. Nonetheless, significant shifts (declines) in trade volumes, which we deem improbable in the near term, could incite volatility, potentially triggering depreciation of the nation's currency in the medium-term.
- Post-March meeting, the Council of the Central Bank of Armenia maintained the refinancing rate at 6.75%, aligning with Freedom Broker's forecast. This decision was informed by inflation converging towards the regulator's target and robust economic activity data for February.

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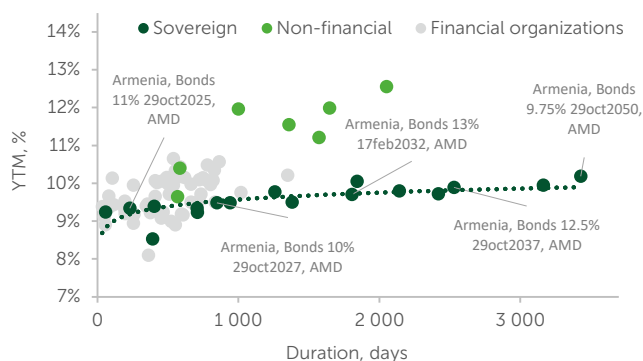
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Key economic indicators

	Growth YoY	Growth MoM
CPI - Feb	2.5%	0.1%
GDP - 4Q	3.7%	10.4% QoQ
Economic activity index - Jan	7.1%	-45.3%

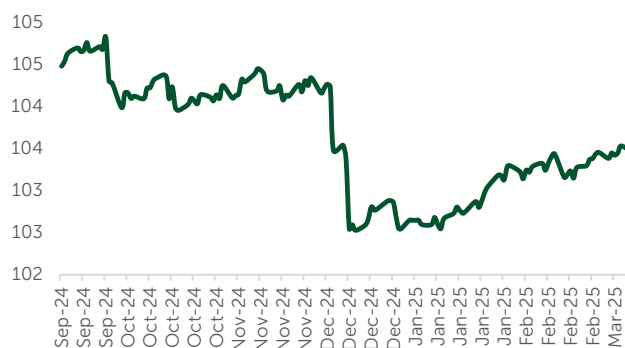
Source: armstat.am, Freedom Broker Armenia

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

- According to the Central Bank’s statement, there has been a noticeable shift in market participants’ expectations toward a gradual reduction in the refinancing rate over the course of the next eight meetings. Concurrently, at the Capital Markets Armenia conference, Central Bank Council member Levon Lalayan highlighted survey results from real sector participants, indicating forecasts for economic growth of approximately 6.0% y/y in 2025. Furthermore, the head of the Central Bank projected imminent IPOs for several domestic banks, anticipating their market debut within the year.

Company news

- ACBA Bank has unveiled a special series of “talking” Visa Signature Limited Edition cards, showcasing “Armenia. Panel” by the famed artist Martiros Saryan. This initiative is designed to elevate the prominence of Armenian art and is integrated into the bank’s broader social responsibility strategy.
- Team Telecom’s press release outlines a comprehensive mobile network modernization initiative across Yerevan, regional territories, and major highways. This strategic overhaul aims to significantly enhance service quality, specifically by expanding network coverage, boosting internet speed, and augmenting network capacity.

Outlook for the next two weeks

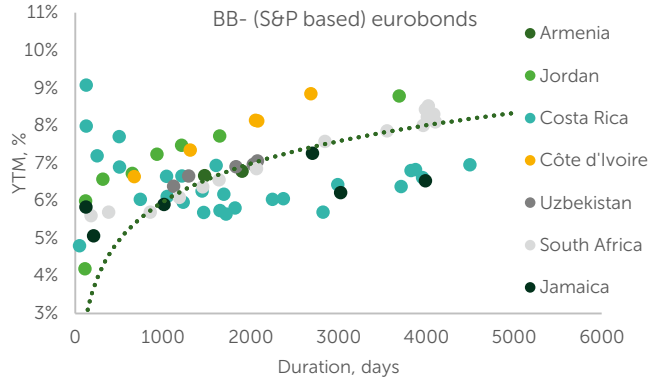
Between March 29 and April 7, 2025, a spectrum of macroeconomic indicators is set for release. Revised data on previously reported metrics may also be issued.

The trade balance statistics for February are anticipated to provide valuable insights into the dynamics of imports and exports, particularly within the highly scrutinized sector of precious metals and gemstones. It is projected that export activities will exhibit a marginally stronger performance compared to imports. Nevertheless, the year-over-year is expected to persist.

Furthermore, the anticipated release of February’s economic activity data is expected to indicate an acceleration in growth, projected at 7.1%, up from the previous 6.0%. In conjunction with the Consumer Price Index (CPI) statistics for March—anticipated to maintain the February rate of 2.5%—and the producer inflation data for February, which is projected to rise from 2.0% to 2.8%, these factors may significantly shape market expectations concerning the future trajectory of the refinancing rate.

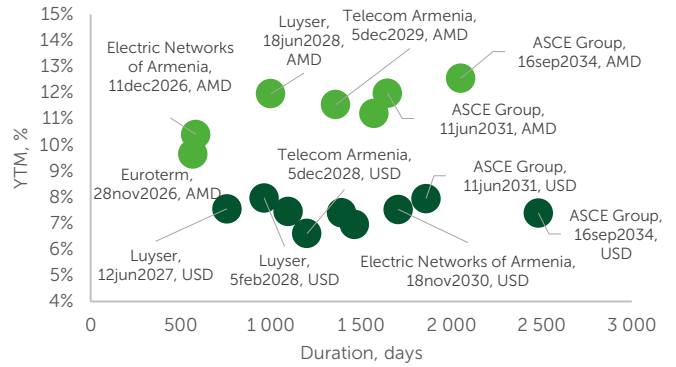
The retail sales statistics and industrial production data for February are anticipated to enhance the interpretation of economic trends within the country. The first indicator is projected to rise by 9.9% in February compared to 7.0% in January, while we anticipate a deceleration in the contraction of production to -10.4% from -15% just a month prior.

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



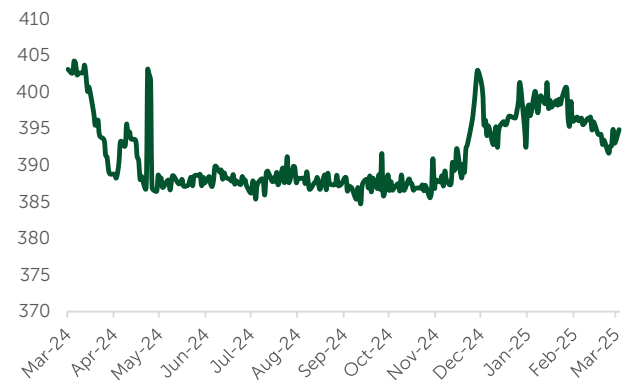
Source: amx.am, cbonds.com, Freedom Broker Armenia

Non-financial organizations’ bonds of RA



Source: cbonds.com, Freedom Broker Armenia

USD/AMD dynamics



Source: amx.am, Freedom Broker Armenia

Chart 1: Currency rate dynamics

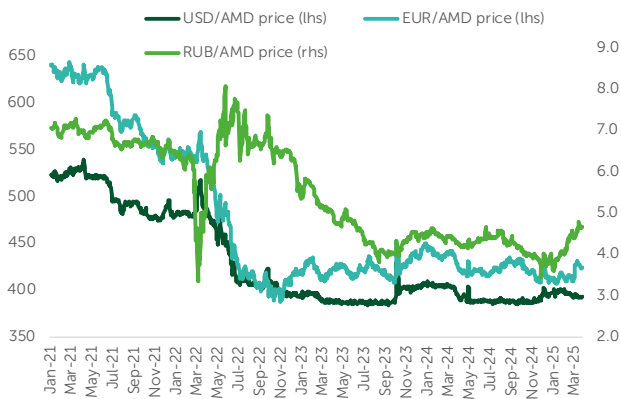


Chart 2: CPY vs refinancing rates of RA

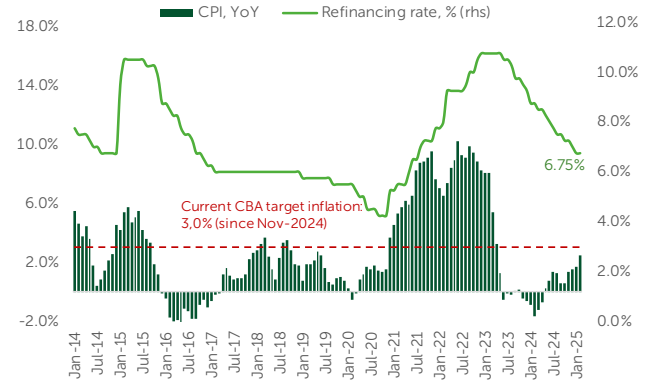


Chart 3: Armenian export breakdown by countries

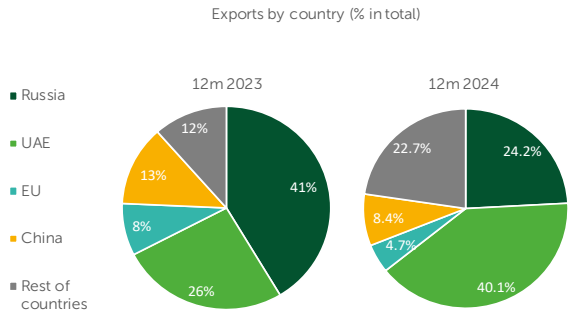


Chart 4: Armenian import breakdown by origin countries

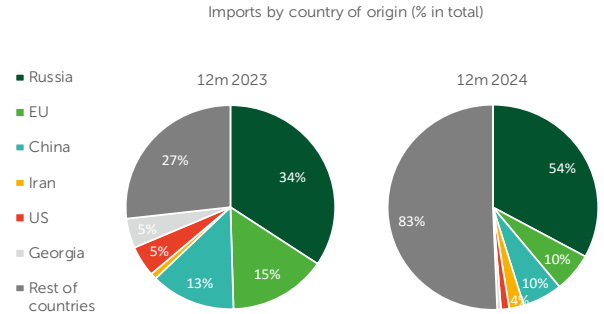


Chart 5: Armenian export breakdown by products

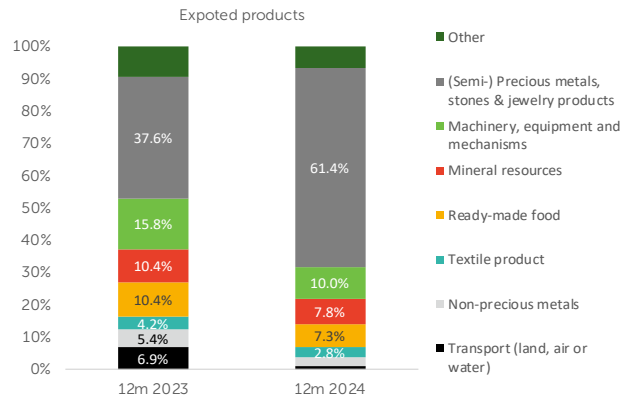


Chart 5: Armenian import breakdown by products

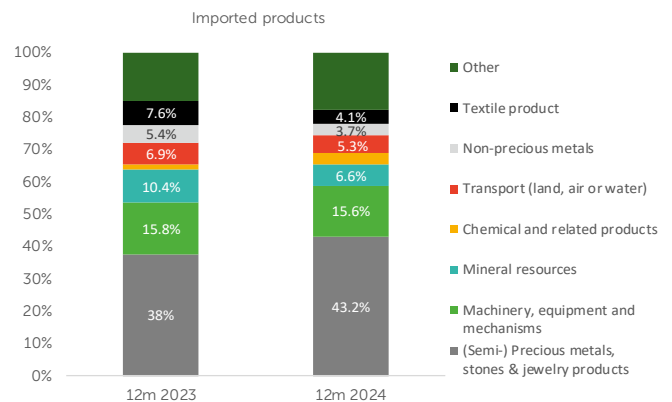


Chart 6: Construction price index

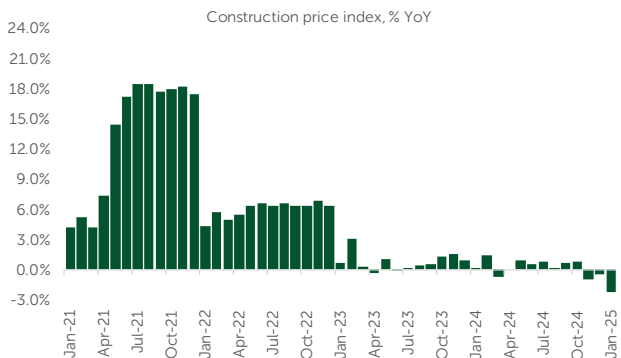
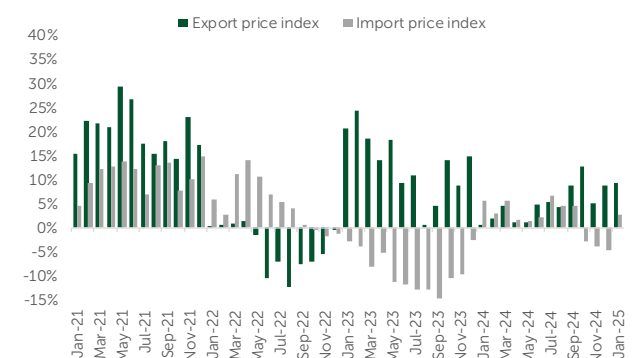


Chart 7: Export and import price indices



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

Freedom Broker Armenia

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