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A Sigh of Relief

1. Today's Trading Playbook

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KEY THEMES

Other than company-specific stories, our industrials analyst **Dina Abdelbadie** thinks that Egypt's rural development projects, dubbed the "Decent Life Initiative", could be a sigh of relief for many. This is a huge government initiative with investments of EGP500bn, to which the industrial sector contribution is estimated at EGP250bn (a 50% share). The initiative is about to be launched to develop Egypt's rural areas under a three-year development plan. This, she thinks, should help the industrial sector recover, especially after being hurt by COVID-19 and the fragile export environment. This project will require cables, transformers, water treatment and purification stations, sewer systems, and natural gas network extension. Thus, the analyst thinks this "Decent Life Initiative" will benefit different sub-segments within the industrials sector, such as building materials, paints, wires, cables, pipes, electrical products, carpets, furniture, and sanitary ware. Although it is early to tell which companies are poised to participate in this initiative, Ms. Abdelbadie thinks it will positively impact the industrial sector, even if the profit margin was not that high, as companies will (1) secure sustainable workflow and liquidity for three years and (2) find an outlet for their inventories which are currently hard to export in view of the COVID-19 precautionary measures by some countries.

POSITIVE

We highlight some names in each sub-segment:

- Carpets: **ORWE**.
- Natural gas network extension: **EGAS**.
- Paints: **PACH**.
- Sanitary Ware: Ceramics manufacturers, such as **CERA**, **LCSW**, and **PRCL**.
- Steel: **ESRS**.
- Water stations: **ORAS**.
- Wires, Cables, and Transformers: **SWDY**, **ELEC**.



Now, on to the top news and analysis for the day.

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt is implementing a project to digitize government services at a total cost of EGP3bn. ([Mubasher](#))

The new Customs Law will no longer require shippers to submit waybills before leaving Egypt under new guidelines issued by the Customs Authority. Cargo ships, planes, and other vehicles will instead have the option of handing over the documentation 48 hours after leaving the country. ([Al-Mal](#))

Egypt resumes “infrastructure diplomacy” with Iraq, with the “oil-for-reconstruction” mechanism agreed by Egypt and Iraq last year being the subject of talks between the Minister of International Cooperation and a delegation of Iraqi officials last week. ([MOIC](#))

The number of ADSL subscribers in Egypt increased by 18.2% to 6.9mn in June 2019 from 5.8 million in June 2018, data by the Central Agency for Public Mobilization and Statistics (CAPMAS) showed. ([Mubasher](#))

CORPORATE NEWS

Orascom Investment Holding [OIH] requested suspension of trading of its shares starting 11 February until the EGX decides on the firm’s spin-off. During that period, OIH said, trading of its global depository receipts (GDRs) listed on London Stock Exchange (LSE) will be suspended. Investors holding the OIH stock by end of the trading session on 10 February will be in possession of two stocks, OIH and OFH, subsequently. ([Company disclosure](#))

Prime Holding’s [PRMH] NBFS arm Endorse launched its product to establish or refurbish clinics, aiming to provide financing solutions for doctors in all specialties, pharmacists, and health care practitioners to establish or modernize their clinics. ([Al-Mal](#))

GLOBAL NEWS

Saudi Aramco maintained its ranking as the world’s second-most expensive and strongest brand among oil and gas companies in 2021 with a value of USD37bn, compared to USD46bn in 2020. The top 50 oil and gas brands in the world lost 16% of value on average as a result of the COVID-19 pandemic and a decline in oil prices. ([Zawya](#))

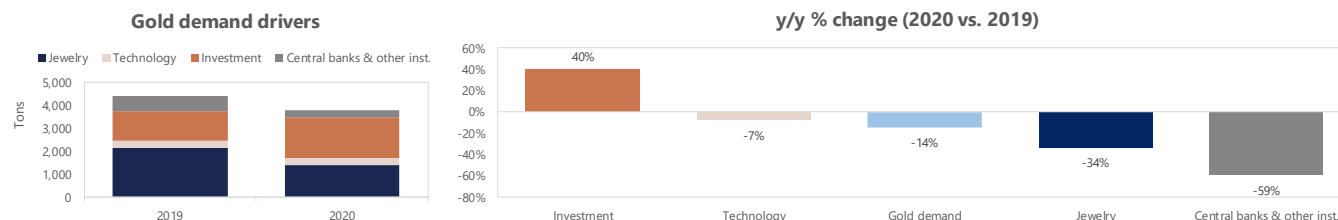


The U.S. dollar steadied against most currencies as traders awaited more data on the U.S. economy after a disappointing jobs report last week slammed the breaks on a rally in the greenback. ([Reuters](#))

3. CHART OF THE DAY

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Source: Metals Focus, World Gold Council.

Global consumer demand for gold fell by 14% y/y to 3,759.6 tons in 2020, the first level below the 4,000 tons a year mark since 2009. The COVID-19 pandemic was the driving force behind this weakness throughout 2020. Gold jewelry demand also declined to a full-year total of 1,411.6 tons, 34% lower than in 2019, as consumers across the world fell under the pressures of coronavirus lockdowns, economic weakness, and high gold prices. Meanwhile, gold-backed exchange traded funds (gold ETFs) saw record annual inflows, as global holdings grew by 877.1 tons in 2020. Central bank buying slowed sharply in 2020, particularly in H2 2020. Annual central bank purchases stood at 272.9 tons (-59% y/y), of which 86% were made in H1 2020. The technology sector, hit by COVID-19 disruption, saw gold usage decline 7% y/y in 2020 to 301.9 tons.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)	709.8
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Equity turnover (EGPmn): Last, ytd avg.	1,766.6	1,178.6
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				daily chg.	ytd chg.
		EGX 30	11,602.78	0.03%	6.98%
		EGX 30 TR	4,455.96	0.17%	6.81%
		EGX 70 EWI	2,443.47	1.18%	13.91%
		EGX 100 EWI	3,475.84	1.04%	12.20%
		DFMGI	2,666.76	(0.15%)	7.01%
		ADSMI	5,672.03	0.14%	12.95%
		TASI	8,687.93	0.81%	(0.02%)
		QE Index	10,493.05	0.59%	0.55%
		S&P 500	3,886.83	0.39%	3.48%
		Dow 30	31,148.24	0.30%	1.77%
		NASDAQ	13,856.30	0.57%	7.51%
		VIX	20.87	(4.13%)	(8.26%)
		STOXX 50	3,655.77	0.37%	2.90%
		MSCI Emerging	1,395.35	0.56%	8.06%
		MSCI Frontier	585.76	0.39%	2.47%

				daily chg.	ytd chg.
		Gold	1,814.11	1.12%	(4.39%)
		Silver	26.92	2.16%	2.35%
		Brent Oil	59.34	0.83%	15.50%
		WTI	56.85	0.95%	18.28%
		Natural Gas	2.86	2.86%	15.99%
EGP		USD/EGP	15.69	(0.02%)	(0.56%)
€		EUR/USD	1.20	(0.09%)	(1.48%)
£		GBP/USD	1.37	(0.06%)	0.42%
¥		USD/JPY	105.39	0.12%	2.20%
		6M TB yield	13.06	(13)	33
		1Y TB yield	13.16	(16)	39
		10Y TB yield	14.69	31	30
		2Y TB yield	0.10	(2)	(3)
		10Y TB yield	1.17	4	24
		30Y TB yield	1.98	5	32

* As of market close, except for commodities and currencies at 8.45am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

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DATE	TICKER	TYPE	EVENT
8-Feb-21	MFPC	EGM	Amending articles 4, 7, 25, 21, 29, 46, 48 & 55 of the bylaws.
8-Feb-21	EIUD	EGM	Amending articles 3, 4, 6 & 7 of the bylaws.
9-Feb-21	RAYA	EGM	Discussing a stock split and articles 6 & 7 of the bylaws.
9-Feb-21	EGCH	EGM	Approving increasing the issued capital and amending article 6 of the bylaws.
13-Feb-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
15-Feb-21	SRWA	EGM	First, increasing the BoD seats from 11 to 13. Second, changing the authorized capital to comply with FRA's regulations. Third, changing the company's name to Contact Financial Holding.
15-Feb-21	EAST	Cash dividend	Distribution date for EGP0.714/share (2nd installment).
15-Feb-21	HELI	Auction	Open bid for 270 feddans in New Heliopolis.



15-Feb-21	AREH	EGM	Discussing a stock split and amending articles 6 & 7 of the bylaws.
18-Feb-21	QNBA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Feb-21	QNBA	EGM	Amending articles 4 & 39 of the bylaws.
21-Feb-21	FAIT	Stock dividend	Record date for 0.15-for-1.
22-Feb-21	FAIT	Stock dividend	Distribution date for 0.15-for-1.
22-Feb-21	FWRV	EGM	Discussing applying a reward system for employees.
23-Feb-21	OLFI	OGM	Approving the financial statements ending 31 Dec. 2020 and the dividend distribution.
28-Feb-21	EXPA	OGM	Approving an increase of issued capital by distributing EGP54.5mn worth of bonus shares.
28-Feb-21	EXPA	EGM	Approving an increase in issued capital and amending articles 5, 23 and 48 of the bylaws.
28-Feb-21	ACRO	EGM	Amending article 4 of the bylaws.

7. LATEST RESEARCH

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PUBLISHED REPORT

8-Feb-21	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
4-Feb-21	<u>MACROView – External Buffers Are Still Restoring Grounds</u>
3-Feb-21	<u>MACROView – A Fragile Improvement but Favorable Sentiment</u>
3-Feb-21	<u>MACROView – External Woes vs. Cautious Optimism</u>
2-Feb-21	<u>STANDPoint – Egypt 2021 Investing Playbook</u>
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>
10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Ruttled Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>



25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>
5-Oct-20	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>
18-Aug-20	<u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u>
13-Aug-20	<u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u>
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>
29-Jul-20	<u>MACROView – CAD gains eroded by financial account vulnerability</u>
14-Jul-20	<u>Commercial International Bank - [COMI] - Q2 2020 results</u>
9-Jul-20	<u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u>
8-Jul-20	<u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u>
7-Jul-20	<u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u>
25-Jun-20	<u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u>
10-Jun-20	<u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u>
8Jun-20	<u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u>
8-Jun-20	<u>MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19</u>
3-Jun-20	<u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u>
18-May-20	<u>Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</u>
18-May-20	<u>Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</u>
17-May-20	<u>Credit Agricole Egypt [CIEB] – Q1 2020 Results</u>
13-May-20	<u>MACROView – Yesterday’s CBE conference call with Deputy Governor</u>
11-May-20	<u>MACROView– Acceleration in April driven by food prices – as expected</u>
7-May-20	<u>MACROView – Keeping head above water amid pandemic uncertainties</u>
5-May-20	<u>Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</u>



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