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As Super As It Gets

1. Today's Trading Playbook

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KEY THEMES

Yesterday, [we published a **MACROView** note](#) as part of our *Global Commodity Watch*. In the note, we tried to answer three questions concerning the current commodity supercycle: (1) which stage are we in, (2) what are the underlying forces, and (3) how it will impact emerging markets, Egypt included. In summary, our Chief Economist Mona Bedeir thinks that this commodity supercycle is sustainable for cyclical commodities given the faster-than-expected rebound in global economy led by China. However, oil market dynamics are still posing some uncertainties as oil demand is still battered from COVID-19 related distortions. Meanwhile, she believes emerging markets will not necessarily feel the brunt of high commodity prices due to their recently strengthening local currency which if otherwise depreciated would simply unwind their previous gains. For more details, please refer to [our **MACROView** note](#).

POSITIVE

SKPC: A decision to exchange its polypropylene project license for a 5% stake in Red Sea National for Refining & Petrochemicals (RSNRPC) would be positive for Sidi Kerir Petrochemicals [**SKPC**] which would relieve SKPC from future cash outflows. According to media reports, RSNRPC is majority owned by military-owned National Service Projects Organization (NSPO).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's PMI posted 49.3 in February, up from 48.7 in January, to signal only a slight deterioration in operating conditions. We will publish our analysis soon. ([Markit](#))

Egyptian factoring companies are now able to finance margin lending for brokerage companies under new regulations issued by the FRA. Factoring will provide brokerage firms



with new sources of financing that would enable them to expand the activity of buying on margin, and what would consequently lead to further revival of trading in securities on the Egyptian Exchange. ([Egypt Today](#))

The Ministry of Trade raised the duty imposed on nitrogen fertilizer exports as it looks to secure local supply amid rising global prices. Fertilizer companies will now pay EGP600 to export a ton of fertilizer, up from EGP250, for one year. ([Ministry of Trade](#))

Greek industrial investor Mac Optic will invest EGP300mn to establish five new international schools and one technical institute in Egypt. ([Al-Mal](#))

CORPORATE NEWS

Sidi Kerir Petrochemicals' [SKPC] BoD was scheduled to meet yesterday to discuss an offer for its polypropylene project license in exchange of a 5% stake at Red Sea National for Refining & Petrochemicals (RSNRPC), the bidder. ([Company disclosure](#)) As per SKPC's 2020 balance sheet, investments related to the polypropylene project amounted to EGP724mn. RSNRPC is supposed to become operational in 2021, as per media reports, with investments ranging from USD2.25-3.0bn. While the capital structure of RSNRPC is unknown, we believe agreeing to this offer could bode well for SKPC, being not committed to make future cash outflows regarding its polypropylene project. Also, this could unlock further value if the offer will be accepted through the aforementioned 5% stake, depending on future information about RSNRPC's operations or dividends distribution.

Al Baraka Bank - Egypt's [SAUD] consolidated net profit increased (+17.1% y/y) to EGP1.25bn in 2020 after net interest income grew to EGP2.5bn (+30% y/y), despite built-up provisions (+51% y/y). SAUD's profitability metrics are still resilient in spite of lower corridor rates (-400bps) during 2020 as NIM grew to 3.8% (+58bps), thanks to favorable deposit terms. Meanwhile, ROAE edged down from 29.4% in 2019 to 28% in 2020 on higher cost of risk (+37bps y/y) in line with higher effective tax rate and lower financial leverage. Net lending grew to EGP19.5bn (+16.5% y/y) and deposits to EGP66.3bn (+3.3% y/y). SAUD is currently trading at a P/BV of 0.59x and TTM P/E of 2.4x. (Bank release)

Misr Fertilizers Production Co. [MFPC] saw its preliminary consolidated EPS hit EGP10.86 (+51% y/y) in 2020, although revenues slipped 10% of 7.3bn. Bottom line was grown by lower net borrowing costs and lower effective tax rates. ([Company disclosure](#))

Orascom Construction [ORAS] will build the Magdi Yacoub Global Heart Center in the Sixth of October City, Egypt. It will include 300 beds with expected capacity of over 120,000 patient annually. ([Company disclosure](#))



Arabian Food Industries Co.'s [DOMT] BoD recommended issuing a dividend of EGP57mn, or EGP0.20/share, for 2020, suggesting a 4% yield. DOMT's BoD also approved to hold an EGM to reduce its authorized capital from EGP500mn to EGP283mn to comply with the listing rules where authorized capital should be 5x issued capital. ([Company disclosure](#))

Giza General Contracting & Real Estate Investment's [GGCC] BoD decided to sell 60.2mn treasury shares starting from 2 March until 2 May. (Company disclosures: [1](#), [2](#))

Rameda's [RMDA] BoD proposed distributing a 30% stock dividend, which would bring the company's capital to EGP250mn. ([Company disclosure](#))

Prime Speed Medical, 30% owned by Speed Medical [SPMD], decided to acquire a 4.4% stake worth EGP8.3mn in New Al-Safwa Specialized Hospital Co., instead of 10% for EGP18.5mn, in a board meeting. In addition to this acquisition by its unit Prime Speed Medical, SPMD will acquire New Al-Safwa through its 80.25% subsidiary Speed Hospitals Co. with 50%+ stake amounting to EGP93mn. In a separate release, SPMD announced that an independent financial advisor valued New Al-Safwa at EGP298mn or EGP726/share. (Company disclosures: [1](#) [2](#) [3](#))

GLOBAL NEWS

OPEC oil production fell to an eight-month low last month as Saudi Arabia made good on its pledge to cut supply in an effort to counteract weak energy demand during the pandemic. OPEC oil output fell by some 920,000 barrels a day last month, reaching 24.87mn barrels per day, after Saudi Arabia reduced its daily production by 11%. ([Bloomberg](#))

Goldman Sachs Commodities Research has raised its forecast for returns on commodities to 15.5% over the next 12 months Spot-priced commodities have benefited from higher-than-anticipated economic activity as it has created sharp deficits regardless of the growth rate. ([Reuters](#))

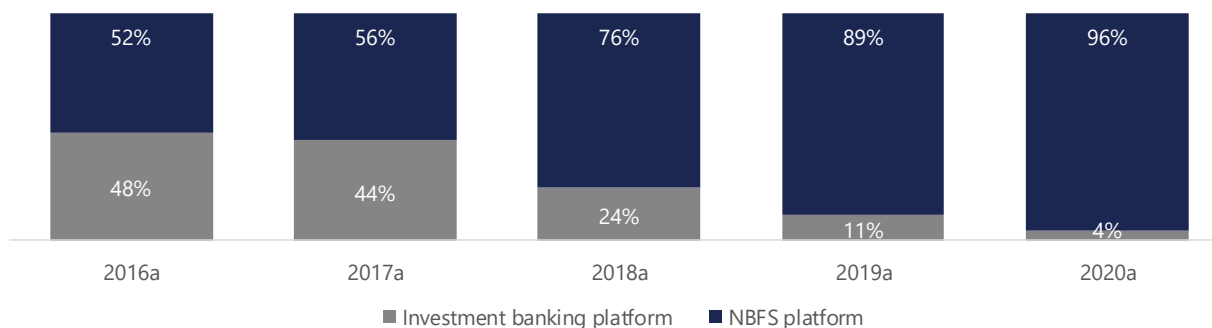


3. CHART OF THE DAY

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CICH's Net Profit by Platform (EGPmn)



Source: Prime Research, Company reports.

CI Capital Holding [**CICH**] has seen its NBFS platform gradually dominate its bottom line, starting from 52% in 2016, with only **Corplease** (CICH's leasing arm) under its NBFS belt, to 89% in 2019 with microfinance, mortgage finance, and consumer finance all added to CICH's NBFS platform. Due to COVID-19 impact on capital markets, the investment banking platform's contribution was expected to dilute to 4%. However, we expect CICH's top and bottom line to remain dominated by NBFS for the short-term horizon.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
700.4						1,682.4		1,178.6	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	11,471.39	(0.43%)	5.77%		↑	Gold	1,738.36 0.77% (8.75%)
	↓	EGX 30 TR	4,389.74	(0.63%)	5.22%		↑	Silver	26.76 0.72% 0.92%
	↓	EGX 70 EWI	2,293.32	(0.99%)	6.91%		↑	Brent Oil	62.70 0.56% 21.72%
	↓	EGX 100 EWI	3,326.14	(0.75%)	7.37%		↑	WTI	59.75 0.47% 23.72%
	↑	DFMGI	2,569.32	0.69%	3.10%		↑	Natural Gas	2.84 0.42% 12.29%
	↑	ADSMI	5,710.51	0.84%	13.17%	EGP	↓	USD/EGP	15.69 (0.46%) (0.32%)
	↑	TASI	9,248.28	1.20%	6.43%	€	↓	EUR/USD	1.21 (0.08%) (1.11%)
	↓	QE Index	10,063.09	(1.44%)	(3.57%)	£	↓	GBP/USD	1.40 (0.04%) 2.04%
	↓	S&P 500	3,870.29	(0.81%)	3.04%	¥	↑	USD/JPY	106.69 0.17% 3.51%
	↓	Dow 30	31,391.52	(0.46%)	2.56%		↑	6M TB yield	13.25 6 51
	↓	NASDAQ	13,358.79	(1.69%)	3.65%		↓	1Y TB yield	13.22 (1) 45
	↑	VIX	24.10	3.21%	5.93%		↑	10Y TB yield	14.73 4 34
	↑	STOXX 50	3,707.72	0.03%	4.37%		↓	2Y TB yield	0.13 (1) (1)
EM	↓	MSCI Emerging	1,359.65	(0.21%)	5.30%		↓	10Y TB yield	1.40 (3) 47
FM	↓	MSCI Frontier	575.61	(0.16%)	0.70%		↑	30Y TB yield	2.21 1 55

* As of market close, except for commodities and currencies at 8.42am 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
3-Mar-21	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Mar-21	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
4-Mar-21	ORWE	Conference Call	Discussing Q4 2020 financial results.
7-Mar-21	EGBE	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
7-Mar-21	EGBE	EGM	Amending articles 4, 52, 6 & 7 of the bylaws.
10-Mar-21	RTVC	EGM	Discussing an offer for its 99.95% stake in Orient Tours Hotels & Tourism Villages
10-Mar-21	FWRY	Stock dividend	Record date for 0.28-for-1.
11-Mar-21	FWRY	Stock dividend	Distribution date for 0.28-for-1.
11-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
13-Mar-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
15-Mar-21	ETEL	EGM	Amending articles 21 & 43 of the bylaws.



16-Mar-21	SRWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	EGM	Amending articles 4 & 7 of the bylaws.
17-Mar-21	OLFI	Cash dividend	Record date for EGP0.60/share.
18-Mar-21	OLFI	Cash dividend	Ex-dividend date for EGP0.60/share.
18-Mar-21	NBKE	OGM	Approving the financial statements ending 31 Dec. 2020.
18-Mar-21	SAIB	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21	FAIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21		MPC Meeting	Discussing a policy rate decision.
19-Mar-21	NINH	OGM	Approving the financial statements ending 31 Dec. 2020.
19-Mar-21	NINH	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
22-Mar-21	OLFI	Cash dividend	Distribution date for EGP0.60/share.
23-Mar-21	ADIB	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	ADIB	EGM	Approving increasing the authorized capital from EGP4bn to EGP7bn, and amending article 6 of the bylaws.
23-Mar-21	EHDR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
23-Mar-21	EHDR	EGM	Approving a stock dividend and amending articles 6 and 7 of the bylaws.
23-Mar-21	PORT	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	PORT	EGM	Discussing changing the name of the company.
24-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	EGM	Discussing agenda.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
25-Feb-21	<u>Elsowedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>
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 – Rutted 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>
8-Jun-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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