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The Rally Resumes

1. Today's Trading Playbook

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KEY THEMES

U.S. equities continued their rally, flying into fresh highs, with Nasdaq up 4% yesterday. This comes a day after declines which many thought was the start of a correction. The main fuel for the current rally appear to be the USD1.9tn incentive package. One of the incentive package aftermath was investor's expectations of mounting inflation, which filtered into higher Treasury yields. The scene of higher yields definitely spooked investors, so when yields started to calm down on Tuesday, this helped solidify equities' gains. Higher appetite for risk assets is generally good for emerging markets. However, this is only good as long as (1) the rally does not run out of steam before a sell-off takes place and (2) dodging the negative impact of geopolitical tensions on investors' sentiment.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Annual headline inflation rose slightly to 4.5% in February up from 4.3% in January 2021.

Meanwhile, monthly inflation increased to 0.2% in February compared to -0.4% in January.

([CAPMAS](#))

The Central Bank of Egypt (CBE) approved the rules for the participation of Egypt banks in the multi-currency instant settlement system, which allows the execution and settlement of mutual payment orders between Egyptian banks in foreign currencies in real time, as of Monday, 22 March 2021. ([Al-Borsa](#)) This step will facilitate and accelerate foreign currency operations between banks which stimulating foreign investors to deal with banks more to execute their trading finance agreements (e.g. LCs, LGs).

Vehicle owners in seven governorates can begin swapping out their old cars for natural gas or dual fuel vehicles before end of month, with the government planning to launch its ambitious multi-year natural gas conversion plan before April. ([MoF](#))

Egypt's debt service bill dipped 5% y/y in H1 FY21 to EGP501.1bn. The government made some EGP224bn in interest payments towards domestic debt obligations and another EGP21.5bn in foreign interest payments during the six-month period, in addition to EGP255bn in repayment instalments. ([MoF](#))

Total deposits in banking sector rose 20% ytd (0.7% m/m) in October 2020 to EGP5.1tn, as a result of 19% ytd (1.2% m/m) growth in household deposits. Moreover, **total credit grew 27.5% ytd (1.2% m/m) to EGP2.4tn in October 2020**, as household credit increased 27.4% ytd (1.6% m/m) to EGP504bn. ([CBE](#))

Shell agreed to sell its assets in the Western Desert to Egypt's Cheiron Petroleum Corporation and U.K.-listed Cairn Energy for up to USD926mn. The acquisition will see the two companies pay USD646mn for Shell's 13 onshore concessions and its stake in Badr El-Din Petroleum (Bapetco), a joint venture with the state-owned Egyptian General Petroleum Corporation (EGPC). ([Shell statement](#))

CORPORATE NEWS

Sidi Kerir Petrochemicals' [SKPC] BoD decided to accept selling SKPC's polypropylene project license in exchange for a 5% stake in Red Sea National for Refining & Petrochemicals (RSNRPC). ([Company disclosure](#))

Al Baraka Bank - Egypt's [SAUD] request to increase its issued capital from EGP1.8bn to EGP2.9bn through a 61% stock dividend at a 0.6-for-1 ratio has been approved by the Financial Regulatory Authority (FRA). FRA also approved increasing SAUD's authorized capital from EGP2bn to EGP10bn. ([Bank release](#))

Porto Group Holding [PORT] and Amer Group Holding [AMER] said that Cairo court has rejected the lawsuit filed by Intrados Tourism Development Co. and others to annul the arbitration ruling issued by Cairo Regional Center for International Commercial Arbitration which awarded AMER and Amer Syria a USD39.9mn plus interest. (Company disclosures: [1](#) [2](#))

Al Ahly Capital, the investment arm of National Bank of Egypt, acquired 75% of Momken, an e-payments company, in a transaction said to be worth of EGP140mn. The acquisition is also said to grant the buyer an option to acquire the remaining 25% within a year on a pre-agreed value. Al Ahly Capital is aiming to build a full-fledged NBFS platform that would now add

Momken to its already owned Tamkeen, its microfinance player that aims to expand its branches to 150 over the next three years with all branches relying on electronic payments. ([Bank disclosure](#), [Al-Mal](#))

ALEXBANK's 2020 net profit retreated 26% y/y to EGP2.5bn, as a result of higher provisions build-up to EGP513mn in 2020 vs. EGP116mn provisions reversals in 2019, despite a marginal increase of 0.2% y/y in net interest income (NII) to EGP6bn. Net lending grew 15% y/y to EGP48bn, while deposits declined 2.8% y/y to EGP85bn. ROAE narrowed from 29% in 2019 to 21.5% in 2020. ([Bank release](#))

GLOBAL NEWS

Bitcoin rallied to a two-week high as a risk-on sentiment returned following selloffs in more speculative corners of the financial market. The digital asset rose as much as 5.7% before trimming some gains to trade USD53,747 as of 1:02 p.m. in New York. Ether — the world's second largest cryptocurrency — jumped as much as 3.8%. The gains mirror broader risk-on optimism, with the Nasdaq 100 Index recovering from a decline Monday that pushed the tech index to a so-called correction level. ([Bloomberg](#))

The world economy is set to rebound this year with 5.6% growth and expand 4.0% next year, the Organization for Economic Cooperation & Development (OECD) said in its interim economic outlook. ([Reuters](#))

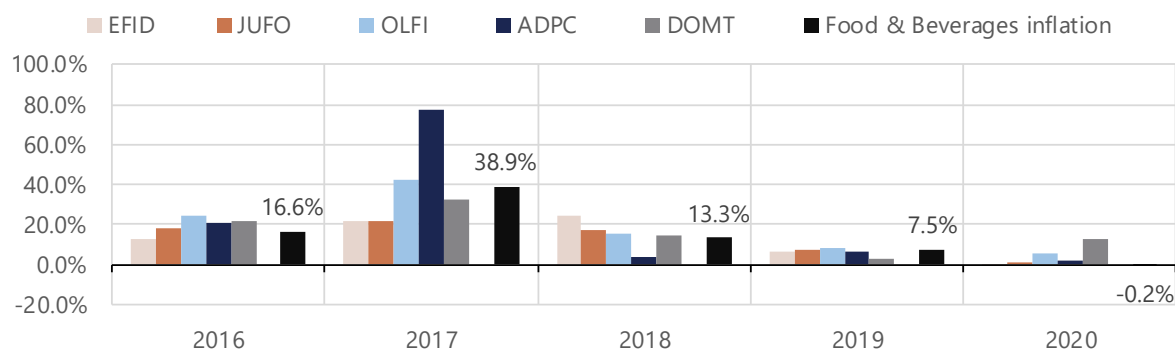
Oil fell for a third straight session on Wednesday as investors took profits while looking ahead to U.S. inventories data due later in the day for pointers on where prices will head next. ([Reuters](#))

3. CHART OF THE DAY

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F&B companies' annual revenue growth rates vs. Egypt's F&B inflation



Source: Bloomberg, CAPMAS.

We compare annual revenue growth rates of the top five food and beverage dairy companies by market cap in addition to Edita Food Industries [EFID] vs. food and beverage inflation rates in the past five years (2016-2020). For Juhayna Food Industries [JUFO], we used its 9M 2020 y/y growth rates as its 2020 results are yet to be released. We note that only Obour Land Food Industries [OLFI] has successfully beaten Egypt's F&B inflation rates during that five-year period, indicating relatively higher pricing power than its peers. On the other hand, EFID annual revenue growth failed to outpace the F&B price increase most of the time. This could be attributable to the nature of the company's products which are not as essential as its dairy peers.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						691.4	

10-Mar-21	MENA	Stock split	Record date for a stock split at 2-for-1 ratio.
11-Mar-21	EDBM	Stock split	Distribution date for a stock split at 5-for-1 ratio.
11-Mar-21	MENA	Stock split	Distribution date for a stock split at 2-for-1 ratio.
11-Mar-21	FWRV	Stock dividend	Distribution date for a dividend at 0.28-for-1 ratio.
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.
14-Mar-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in its 6th of October City project.
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 dividends at EGP0.60/share.
18-Mar-21	OLFI	Cash dividend	Ex-dividend date for dividends at 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.
21-Mar-21	SIPC	Stock dividend	Record date for 0.14-for-1.
22-Mar-21	SIPC	Stock dividend	Distribution date for 0.14-for-1.
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 the agenda.
25-Mar-21	UNIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MBSC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MCQE	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	PHAR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.



27-Mar-21	MPRC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	MPRC	EGM	Amending articles 7 & 21 of the bylaws.
27-Mar-21	EFIC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	EFIC	EGM	Amending article 36 of the bylaws.
27-Mar-21	EGAS	EGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPCO	OGM	Approving the financial statements ending 31 Dec. 2020 and proposed dividend.
28-Mar-21	UNIP	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	UNIP	EGM	Discussing a 10-for-1 stock split and amending articles 6 & 7 of the bylaws.
28-Mar-21	ODIN	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	TMGH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	UEGC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	GGCC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	AMIA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	ETEL	OGM	Approving the financial statements ending 31 Dec. 2020.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
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>Elsewedy 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 – Ruttet 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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