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All About the Recovery

1. Today's Trading Playbook

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Last Thursday, the **Central Bank of Egypt (CBE)** kept its key interest rates unchanged, citing inflation levels well within the CBE target (i.e. $7\% \pm 2\%$). This comes in line with our expectations which was for the CBE to pause its easing cycle until H2 2021 to assess how Egypt's good macroeconomic fundamentals. This also comes at a time where we are witnessing higher commodity prices, which could heighten Egypt's imports bill and pose inflationary pressures down the road. Thus, despite a relatively stable domestic monetary environment, we believe the global space for monetary policy will play a vital role in the fate and the pace of the CBE's easing cycle.

Elsewhere, aluminum prices extended their rally, approaching the USD2,300/ton level. We remind you that during the rally that took place in 2018, prices reached as high as USD2,556/ton before ending the year below the USD2,000/ton mark. While the dynamics of the current rally are different (as aluminum prices are now peaking on supply concerns from China), the result should be pleasant for Egypt Aluminum's [EGAL] Q3 2020/21 profitability; at the very least we do not expect to see gross losses during the quarter.

POSITIVE

EGAL: Rising aluminum prices should enhance EGAL's P&L performance in Q3 2020/21.

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

2. TOP NEWS & ANALYSIS

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The Central Bank of Egypt (CBE) on Thursday kept its lending, deposits and discount rates steady at 8.25%, 9.25%, and 8.75%, respectively, citing dwindling inflation rate. It expected economic growth to partially recover as coronavirus lockdown eases. ([CBE](#))

In an effort to facilitate life for citizens and stimulate investment, **a presidential mandate will ensure that a government services complex is established in every governorate that includes headquarters for the General Authority for Investment, real estate taxes, income taxes, value-added taxes, and an archives house.** ([Al-Borsa](#))

Clinical trials could start soon on Egypt's first locally-developed COVID-19 vaccine after it got regulatory approval. ([DMC](#))

Turkey has asked Egyptian opposition television channels operating on its territory to moderate criticism of Egypt's government, as Ankara seeks to improve strained ties with Cairo, the owner of one of the channels said on Friday. ([Reuters](#))

The Ministry of International Cooperation is studying the Egyptian government's action plan regarding the transformation of international financing institutions from operating at the benchmark interest rate (LIBOR) by the end of 2021. ([Mubasher](#))

CORPORATE NEWS

Al Ezz for Ceramics & Porcelain's [ECAP] Q4 2020 net income jumped to EGP15.7mn (+50% y/y), backed by a 9% rise in revenues to EGP353.2mn. Despite a full-year decrease in revenues to EGP1.03bn (-17% y/y) and a net loss of EGP13.6mn (vs. a net profit of EGP52.5mn in 2019), ECAP was able to deliver its positive performance during Q4 2020 after COVID-19 effects subsided. (Company disclosures: [1](#), [2](#))

Ebtikar raises its stake in Bee, one of its two e-payments subsidiaries, from 60% to 80% in a transactions worth EGP40mn. ([Al-Mal](#))

Heliopolis Housing & Development [HELI] will delay the release of the bid requirements for developing 1,695 feddans in its project Heliopark to 4 April instead of 22 March, while the ending date will be 16 June instead of 27 May. ([Company disclosure](#))

Governmental agencies are currently discussing the bid conditions that they intend to put forward to launch a new license to manufacture cigarettes in Egypt. ([Al-Borsa](#)). This step is expected to end Eastern Tobacco's [**EAST**] monopoly on this activity.

Banque Misr plans to establish four investment funds, including (1) Real estate investment trust (REIT), (2) the health care investment fund that targets majority stakes in non-publicly traded companies, (3) fund for investment in SMEs, and (4) investment fund to invest in financial technology companies (Fintech). ([Hapi](#))

Ajwa for Food Industries' [AJWA] net losses narrowed to EGP5mn in 2020 vs. EGP91mn a year ago, following a gross profit of EGP157mn (vs. gross losses of EGP5.8mn in 2019). Revenues, meanwhile, grew 90% y/y to EGP1.4bn. ([Company disclosures](#))

Real Estate Egyptian Consortium's [AREH] 2020 revenues nosedived to EGP20.9mn (-73% y/y), while its net profits contracted to EGP16mn (-60% y/y). ([Company disclosure](#))

GLOBAL NEWS

The EU's leading states are to restart their roll-out of the Oxford-AstraZeneca Covid-19 vaccine after Europe's medicines regulator concluded it was "safe and effective". ([BBC](#))

President Tayyip Erdogan abruptly sacked Turkey's central bank chief on Saturday, two days after a sharp interest rate hike to head off inflation, replacing him with a former ruling party lawmaker and critic of tight monetary policy. ([Reuters](#))

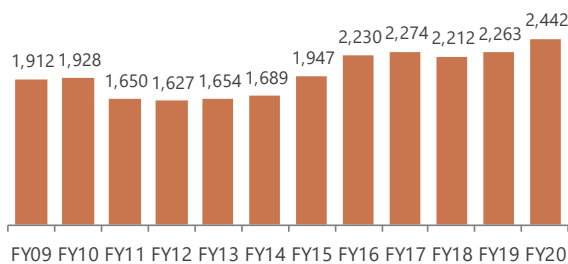
The International Monetary Fund (IMF) has become more upbeat about the global economy, as coronavirus vaccinations are administered across the world. It is, however, worried about the risk new Covid variants pose to the post-pandemic recovery. ([CNBC](#))

3. CHART OF THE DAY

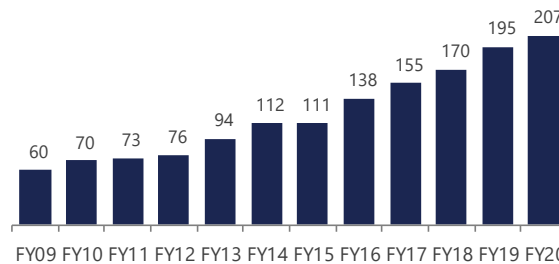
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Nada Wagdy | Equity Analyst
nwagdy@egy.primegroup.org

Number of Higher-Ed students enrolled in public universities and Al-Azhar (000)



Number of Higher-Ed students enrolled in private universities (000)



Source: CAPMAS.

The total number of higher education students enrolled in Egyptian universities grew at an 11-year CAGR of 3% during the FY09-FY20 period. Meanwhile, the number of students enrolled in private universities reached 207,154, hitting a CAGR of 12%, four times that of higher education students. Simultaneously, the number of students enrolled in public universities and Al-Azhar university increased to 2.4mn reaching a CAGR of 2%. While students in private universities make up only 8% of total higher education students, the remarkable growth underlines the potential for private universities in Egypt.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
666.8						1,044.7 1,178.6			

* As of market close, except for commodities and currencies at 8.2am 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
21-Mar-21	SIPC	Stock dividend	Record date for a dividend at a 0.14-for-1 ratio.
22-Mar-21	SIPC	Stock dividend	Distribution date for dividends at a 0.14-for-1 ratio.
22-Mar-21	OLFI	Cash dividend	Payout date for dividends of 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 the proposed dividend.
28-Mar-21	HELI	Cash dividend	Record date for a payout of EGP0.05/share (1st installment).
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, and discussing a dividend distribution and other agenda items.
30-Mar-21	EFID	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
30-Mar-21	AMER	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	PHTV	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	PHTV	EGM	Amending article 4 of the bylaws.
30-Mar-21	ELEC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Mar-21	ELEC	EGM	Discussing a land sale.
30-Mar-21	ZMID	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Mar-21	MFPC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Mar-21	PRMH	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	PRMH	EGM	Discussing the agenda.
30-Mar-21	NEDA	EGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	EKHO	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	COMI	OGM	Approving the financial statements ending 31 Dec. 2020 and the employee profit share distribution.
31-Mar-21	HELI	Cash dividend	Distribution date for dividends of EGP0.05/share (1st installment).
31-Mar-21	EMFD	OGM	Approving the financial statements ending 31 Dec. 2020.



31-Mar-21	SPMD	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
31-Mar-21	CERA	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	CERA	EGM	Approving increasing the issued capital.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
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>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>Elsowedy 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>

Prime Securities

Shawkat El Maraghy

Managing Director

T +202 3300 5622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

AAlaa@egy.primegroup.org

Mohamed El Metwaly

Manager

T +202 3300 5610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +202 3300 5624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 5110

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +202 3300 5724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi Elnil St., Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +202 3300 5700 / 770 / 650 / 649

F +202 3760 7543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +202 2777 0600

F +202 2777 0604

Alexandria

7 Albert Al Awal St.
Smouha, Alexandria, Egypt

T +202 3300 8170

F +202 3305 4622

Website

www.primeholdingco.com

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