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## Play the Hike

### 1. Today's Trading Playbook

#### KEY THEMES

With the Federal Reserve keeping interest rates on hold for now, the world is still debating whether the current inflationary environment is transitory in nature. Back home, input costs are increasing which was reflected in Egypt's PMI October reading. Please read our [PMI note](#) published yesterday.

After the Egyptian government raised natural gas rates for the manufacturing sector effective 1 November, we learn that residential and commercial natural gas prices will also be raised effective with the November bill. This is in line with our view that we could soon be seeing higher inflation rates in Egypt as a result of higher input costs, including natural gas, which would feed into other sectors one way or another. Thus, we reiterate [our call on Egypt banks](#) that we made back on Monday.

#### POSITIVE

**COMI, EGAS:** If we were to pick two stocks that should benefit from the above, we would pick CIB [**COMI**] and Egypt Gas [**EGAS**]. The former should benefit off potentially higher interest rates in 2022 and beyond, while the latter could benefit off higher residential and commercial natural gas prices down the road. We will look forward to EGAS's disclosure to better understand the impact, be it direct or indirect.

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

### 2. TOP NEWS & ANALYSIS

#### MACRO NEWS

**Egypt's net foreign reserves increased by USD24mn during October**, reaching USD40.849bn. ([CBE](#))

**Foreign holdings of T-bills increased to USD24.1bn by end of September** from USD23.6bn by end of August. ([CBE](#))

**Net foreign assets at commercial banks hit net liability of USD3.86bn in September** (vs. USD4.47bn in August), the third consecutive month in such a position, despite an increase in banks' foreign assets. ([CBE](#))

**The natural gas prices for domestic and commercial consumption will increase by EGP0.15, starting from the current November bill.** ([Economy Plus](#))

**The Industrial Development Authority has issued terms of reference for the establishment of 6 projects** for the production of billet and iron pellets, in addition to expanding existing ones. ([Economy plus](#))

**The Minister of Supply & Internal Trade released a decree to increase the bran selling price for state-owned mills to EGP3,800/ton (+8.6%)** compared to EGP3,500/ton of bran previously including supply services charges of EGP75/ton of bran and packaging, loading, and unloading of EGP145/ton of bran previously starting from yesterday to align the MOSIT selling price to the current market prices. We see this as positive for the four companies selected in our [Note published](#) on 1 November 2021. (Al-Borsa)

## CORPORATE NEWS

**Credit Agricole - Egypt's [CIEB] 9M 2021 separate net profit inched up 13.2% y/y to EGP1.2bn**, most likely due to lower operating expenses. While gross loans grew 11.7% ytd to EGP30bn by end of Q3 2021, deposits grew c. 9.7% ytd to EGP45.3bn. ROAE stabilized at 20.3% in 9M 2021 vs. 20.4% in 9M 2020, most likely due to a low cost of risk (CoR). ([Bank release](#)) CIEB is currently trading at a P/BV of 1.06x and a TTM P/E of 5.79x. CIEB achieved Q3 2021 net profit that came 6.7% lower than our estimates of EGP432mn but is expected to be close to our 2021e net profit of EGP1.6bn.

**El-Nasr Clothing & Textiles Co.'s [KABO] Q1 2021/22 KPIs indicated net profits of EGP0.7mn** vs. net losses of EGP4.8mn a year ago. This comes as revenues jumped to EGP81mn (+59% y/y), and gross profit margin stretched to 21% (vs. merely GPM of 1% in Q1 2020/21). ([Company disclosure](#))

**El-Nasr Co. for Civil Works' [NCCW] 9M 2021 unaudited financial indicators show wider losses of EGP14.7mn** compared to EGP3.6mn a year before. Meanwhile, revenues decreased by to EGP76.1mn (-44% y/y). ([Company disclosure](#))

**East Delta Flour Mills [EDFM] approved a DPS of EGP12.0**, implying a dividend yield of 14.1%. ([Company disclosure](#))

**Middle & West Delta Flour Mills [WCDF] reported net income of EGP29.4mn in Q1 FY22** (-6.3% y/y) compared to EGP31.3mn in Q1 FY21. ([EGX](#))

**Raya Holding's [RAYA] Aman for Consumer Finance intends to securitize EGP800mn in 2021.** (Al-Mal)

**Banque du Caire [BQDC] aims to achieve an increase of EGP2bn during the next two months in the retail banking portfolio, to reach EGP42bn at the end 2021** compared to EGP40bn at the end of Q3 2021, indicating that the individual financing portfolio accounts for the largest share of the bank's total portfolio, according to the head of the retail banking sector. (Al-Mal)

**October Pharma [OCDH] is considering injecting new expansion investments over the coming period,** to confront the inflationary wave, in light of the imminent completion of the implementation of this year's plan, in addition to its quest to increase exports that supported its financial results in the first nine months of this year. (Al-Mal)

## GLOBAL NEWS

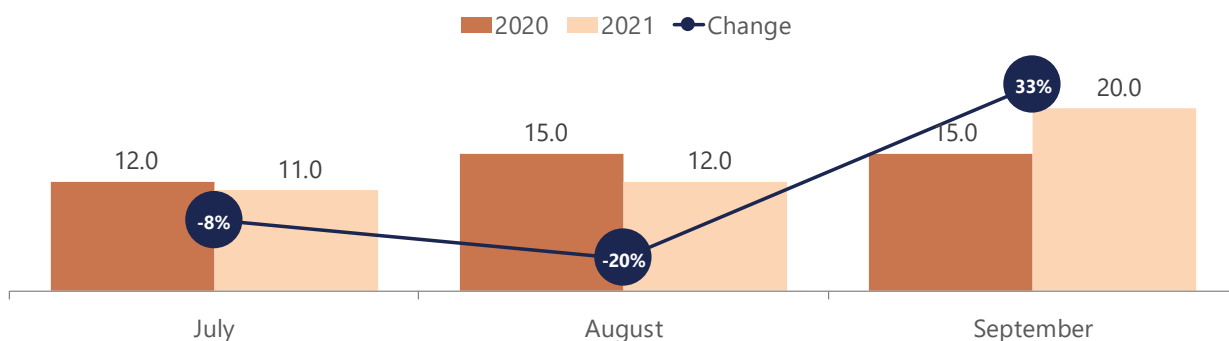
**The Bank of England will deliver its most hotly awaited policy decision in years on Thursday,** when it will either raise borrowing costs from an all-time low or say it is waiting to ensure the post-lockdown economy is ready for a rate hike. (Reuters)

**The Federal Reserve on Wednesday said it will begin trimming its monthly bond purchases in November** with plans to end them in 2022, but held to its belief that high inflation would prove "transitory" and likely not require a fast rise in interest rates. (Reuters)

## 3. CHART OF THE DAY

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**Egypt ceramics monthly exports during Q3 2021 (USDmn)**



Source: ECBM, Prime Research.

Egypt's ceramics exports increased slightly in Q3 2021 to USD43mn (+2% y/y), thanks to higher exports in September to USD20mn (+33% y/y), which offset the negative change in July and August.

## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
742.8					1,368.9 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	11,685.12	0.07%	7.74%			Gold	1,769.84 (1.00%) (6.59%)
		EGX 30 TR	4,577.06	0.09%	9.71%			Silver	23.52 (0.08%) (11.01%)
		EGX 70 EWI	2,224.03	(3.79%)	3.68%			Brent Oil	81.99 (0.66%) 57.24%
		EGX 100 EWI	3,209.54	(2.95%)	3.61%			WTI	80.86 (1.00%) 64.98%
		DFMGI	3,109.36	3.81%	24.78%			Natural Gas	5.67 1.32% 126.27%
		ADSMI	7,966.40	(0.13%)	58.19%			USD/EGP	15.70 0.03% 0.20%
		TASI	11,685.66	(0.57%)	34.48%	€		EUR/USD	1.16 (0.28%) (5.21%)
		QE Index	11,885.89	0.50%	13.99%	£		GBP/USD	1.37 (0.24%) (0.12%)
		S&P 500	4,660.57	0.65%	24.08%	¥		USD/JPY	114.01 (0.04%) (9.60%)
		Dow 30	36,157.58	0.29%	18.14%			6M TB yield	12.62 (1) (11)
		NASDAQ	15,811.58	1.04%	22.68%			1Y TB yield	13.20 3 43
		VIX	15.10	(5.80%)	(33.63%)			10Y TB yield	14.71 (2) 32
		STOXX 50	4,309.61	0.31%	21.31%			2Y TB yield	0.47 2 34
		MSCI Emerging	1,262.46	(0.12%)	(2.23%)			10Y TB yield	1.61 5 68
		MSCI Frontier	685.73	(0.20%)	19.96%			30Y TB yield	2.02 6 36

\* As of market close, except for commodities and currencies at 8.3am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

## 5. LATEST EGX VALUATION MULTIPLES

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

## 6. KEY DATES

DATE	TICKER	TYPE	EVENT
4-Nov-21	FWRY	EGM	Amending articles 3, 4 & 21 of the bylaws.
4-Nov-21	UEFM	OGM	Approving FY21 financial results, the proposed dividends and other agenda items.
4-Nov-21	UEFM	EGM	Discussing the continuation of the company.
7-Nov-21	JUFO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividends.
7-Nov-21	AFMC	OGM	Approving the financial statements and the proposed the dividend.
9-Nov-21	DEIN	Cash dividend	Last date for eligibility for a dividend of EGP0.40/share.
10-Nov-21	DEIN	Cash dividend	Date for ex-dividends of EGP0.40/share.
11-Nov-21	MSCI		MSCI's November 2021 Semi-Annual Index Review Announcement.
14-Nov-21	DEIN	Cash dividend	Date for paying out a dividend of EGP0.40/share.
15-Nov-21	RUBX	EGM	Approving splitting the par value per share and amending articles 6 & 7 of the bylaws.
15-Nov-21	MFPC	EGM	Amending articles 3 & 55 of the bylaws.
17-Nov-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
18-Nov-21	HELI	OGM	Approving the financial statements and other agenda items.

18-Nov-21	HELI	EGM	Discussing the agenda.
21-Nov-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in 6th of October project.
21-Nov-21	FWRY	OGM	Election of new BoD.
24-Nov-21	NRPD	OGM	Approving the financial statements ending 31 Dec. 2020.
25-Nov-21	TALM	OGM	Approving the financial statements and proposed dividend.
25-Nov-21	TALM	EGM	Amending articles 4 & 21 of the bylaws.

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
3-Nov-21	<a href="#">MACROView – Gathering Clouds</a>
1-Nov-21	<a href="#">TAKESock – Separating the Wheat from the Chaff</a>
31-Oct-21	<a href="#">TAKESock – Natural Gas Price Hike</a>
19-Oct-21	<a href="#">MACROView – The Storm Is Gone but the Headwinds Persist</a>
13-Oct-21	<a href="#">e-finance [EFIH] – An Eye-Opening IPO</a>
10-Oct-21	<a href="#">MACROView – Walking a Tightrope</a>
6-Oct-21	<a href="#">MACROView – On “Risk Control” Mode</a>
6-Oct-21	<a href="#">MACROView – The Tortuous Path to Recovery</a>
19-Sep-21	<a href="#">TAKESock – Consumer Staples (Food &amp; Beverage) – All You Can Eat Festival</a>
15-Sep-21	<a href="#">MACROView – Deciphering the Din of Battle</a>
14-Sep-21	<a href="#">TAKESock – Orascom Investment Holding [OIH] — Monetization at Play</a>
9-Sep-21	<a href="#">MACROView – Hot Summer Winds</a>
7-Sep-21	<a href="#">MACROView – The Global Blessing Windfall</a>
6-Sep-21	<a href="#">MACROView – Tempered, But Cautious, Optimism</a>
5-Sep-21	<a href="#">Misr Chemical Industries [MICH] – Nice While It Lasted</a>
29-Aug-21	<a href="#">Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</a>
24-Aug-21	<a href="#">Abu Qir Fertilizers [ABUK] – When the Stars Align</a>
18-Aug-21	<a href="#">EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</a>
17-Aug-21	<a href="#">Elsowedy Electric [SWDY] – Impressive Set of Results</a>
17-Aug-21	<a href="#">Commercial International Bank [COMI] – Adjustment Post Stock Dividend</a>
16-Aug-21	<a href="#">B Investments Holding [BINV] – Growth Dented Across the Board</a>
11-Aug-21	<a href="#">Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</a>
10-Aug-21	<a href="#">MACROView – July’s Feverous Inflation</a>
9-Aug-21	<a href="#">CI Capital Holding [CICH] – Robust Exit Saves the Day</a>



5-Aug-21	<a href="#"><u>MACROView – The Sky Is No Blue</u></a>
4-Aug-21	<a href="#"><u>MACROView – Constrained Recovery</u></a>
26-Jul-21	<a href="#"><u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u></a>
13-Jul-21	<a href="#"><u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u></a>
8-Jul-21	<a href="#"><u>MACROView – Inflation Edged Up, As Expected</u></a>
8-Jul-21	<a href="#"><u>MACROView – External Buffers Still Powering Ahead</u></a>
6-Jul-21	<a href="#"><u>MACROView – A Steady and Slow Recovery in the Making</u></a>
<b>5-July-21</b>	<b><a href="#"><u>Abu Qir Fertilizers [ABUK] – Talking U</u></a></b>
16-June-21	<a href="#"><u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u></a>
14-June-21	<a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Earnings Flattened by Factoring Cost</u></a>
10-June-21	<a href="#"><u>MACROView – Inflation Risk Rising, but Still Within Target</u></a>
8-June-21	<a href="#"><u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u></a>
6-June-21	<a href="#"><u>MACROView – Further Enhancement</u></a>
3-June-21	<a href="#"><u>MACROView – Contraction Eased</u></a>
23-May-21	<a href="#"><u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u></a>
23-May-21	<a href="#"><u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u></a>
22-May-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u></a>
20-May-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u></a>
20-May-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u></a>
<b>18-May-21</b>	<b><a href="#"><u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u></a></b>
18-May-21	<a href="#"><u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u></a>
17-May-21	<a href="#"><u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u></a>
11-May-21	<a href="#"><u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u></a>
9-May-21	<a href="#"><u>MACROView – Stability Prevailed</u></a>
6-May-21	<a href="#"><u>MACROView – The Road to Recovery Gets Longer</u></a>
18-Apr-21	<a href="#"><u>MACROView – Challenges Remain Daunting</u></a>
<b>13-Apr-21</b>	<b><a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a></b>
<b>12-Apr-21</b>	<b><a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a></b>
11-Apr-21	<a href="#"><u>MACROView – Monthly Reading Pressured By Seasonality</u></a>
6-Apr-21	<a href="#"><u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u></a>
6-Apr-21	<a href="#"><u>MACROView – Still Downbeat</u></a>
28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>



18-Mar-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u></a>
10-Mar-21	<a href="#"><u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u></a>
8-Mar-21	<a href="#"><u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u></a>
<b>7-Mar-21</b>	<b><a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
3-Mar-21	<a href="#"><u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u></a>
2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</u></a>
1-Mar-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u></a>
25-Feb-21	<a href="#"><u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u></a>
22-Feb-21	<a href="#"><u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u></a>
10-Feb-21	<a href="#"><u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u></a>
8-Feb-21	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
4-Feb-21	<a href="#"><u>MACROView – External Buffers Are Still Restoring Grounds</u></a>
3-Feb-21	<a href="#"><u>MACROView – A Fragile Improvement but Favorable Sentiment</u></a>
3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
<b>1-Feb-21</b>	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>
<b>14-Jan-21</b>	<b><a href="#"><u>CI Capital Holding [CICH] – New Expansions = Further Growth</u></a></b>
10-Jan-21	<a href="#"><u>MACROView – Below End-of-Year Target</u></a>
6-Jan-21	<a href="#"><u>MACROView – On the Path to Further Recovery</u></a>
5-Jan-21	<a href="#"><u>MACROView – Rutted Road to Recovery</u></a>
<b>28-Dec-20</b>	<b><a href="#"><u>Elsewedy Electric [SWDY] – More Growth to Come</u></a></b>
<b>22-Dec-20</b>	<b><a href="#"><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></a></b>
16-Dec-20	<a href="#"><u>CIB [COMI] – Earnings beat despite higher provisions</u></a>
10-Dec-20	<a href="#"><u>MACROView – The Highest Reading in Seven Months</u></a>
7-Dec-20	<a href="#"><u>MACROView – Restored Ground</u></a>
6-Dec-20	<a href="#"><u>MACROView – Lost Momentum</u></a>
3-Dec-20	<a href="#"><u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u></a>
<b>25-Nov-20</b>	<b><a href="#"><u>Misr Chemical Industries [MICH] – Pandemic Proof</u></a></b>

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