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The African Dream

1. Today's Trading Playbook

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KEY THEMES

Global markets took a breather yesterday, with solid gains witnessed in equity markets in the U.S. and Europe. Moreover, Asian shares bounced back on less obvious Omicron fears, as well as monetary stimulus announcement by China's monetary authority.

Here at home, Elsewedy Electric [**SWDY**] announced yesterday the opening of a brand new industrial complex in Tanzania over c.120,000 sqm, producing cables, wires, transformers, in addition to PVC. This comes in line with the company's plan to expand in Africa. In addition, this could increase SWDY's chances in securing other opportunities within Tanzania, following its massive USD2.9bn turnkey contract back in 2018. Over the course of the last two years, SWDY started to employ features of non-organic growth as a means of fending off the maturity of its current traditional business segment. Such direction was perused by virtue of a number of acquisitions over the course of the last two years. SWDY's acquisitions outside Egypt included Indonesia's **CG Power System**, Pakistan's **Valdius Engineering**, three wind energy companies as well as a hydroelectric energy company in Greece. In Egypt, SWDY acquired **International Cables**. We note that SWDY's complex in Tanzania is considered SWDY's first attempt of a greenfield investment since this strategy was elected. We note that such acquisitions have impacted SWDY's balance sheet, turning its net cash position of EGP790mn in 2019 to a net debt of EGP5.9bn in 9M 2021. We note that SWDY is currently traded at TTM P/E and 5x. We remind you that we have an Overweight rating on the name with a 12M PT of EGP12.7/share (+46%).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

U.S.-based Global Ventures and Oxford Capital together with the UAE's Al Otaiba Investment signed yesterday an USD200mn contract to redevelop Tahrir Square's Mogamma yesterday, with The Sovereign Fund of Egypt (TSFE) and the Ministry of Planning. ([Egyptian Cabinet](#))

Uber Technologies is in talks with the management of its Middle East unit Careem to bring outside investors into the business. ([Reuters](#))

The state's general budget recorded a primary deficit in Q1 FY22 amounting to EGP4bn. Egypt has not recorded a primary deficit at the level of the fiscal year for nearly six years. ([Economy Plus](#))

The trial operation of the Mahalla factory 1, the largest ginning and spinning factory in the world, is expected by April 2022, after the installation of the machines that are being supplied by major international companies. ([Al-Mal](#))

The Minister of Trade & Industry imposed anti-dumping duty of 9% of the cost on the Polyvinyl chloride (PVC) imported from the United States. ([SIS](#))

CORPORATE NEWS

Elsowedy Electric [SWDY] opened its new industrial complex with investments of USD35mn in Tanzania. This is in line with the company's plan to expand in Africa. ([Company disclosure](#))

The Sovereign Fund of Egypt (TSFE) will sign 3-4 green hydrogen production projects in the upcoming period. Egypt first-ever green hydrogen facility is currently being built in Ain Sokhna by a consortium comprising Norway's Scatec, Orascom Construction [**ORAS**], **Fertiglobe**, and **TSFE**. (Asharq business)

SODIC's [OCDI] shareholders agreed to sell 77.26% or 275mn in the MTO submitted by the consortium of Aldar Properties and Abu Dhabi sovereign wealth fund ADQ. The 10-day subscription period for the MTO is by the end of today's trading today. ([Enterprise](#))

The Industrial Development Authority (IDA) launched again a tender for new licenses for cigarettes manufacturers in Egypt. ([Masrawy](#))

GLOBAL NEWS

China's central bank said on Monday it would cut the amount of cash that banks must hold in reserve, its second such move this year, releasing USD188bn in long-term liquidity to bolster slowing economic growth. ([Reuters](#))

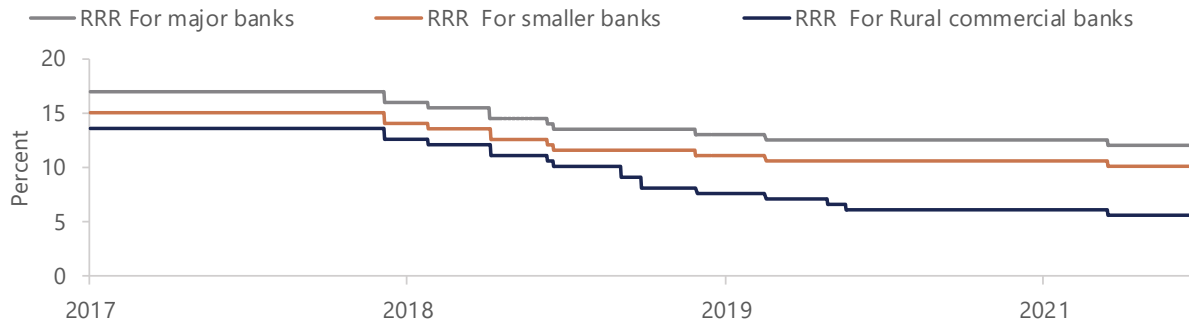
3. CHART OF THE DAY

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Mona Bedeir | Chief Economist

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China will deliver the second reduction in Required Reserve Ratios in 2021 in December



Source: Bloomberg.

The people's Bank of China will cut the RRR by 0.5% for most of banks on 15 December 2021, for the first time since July 2021, releasing USD188bn of liquidity. This move came to reinforce views of the expected divergence between monetary policy in China and the rest of the world at the time where China is looking to respond to the economy's slowdown and financial distress of Evergrande group and other real estate firms.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
732.3						1,864.2 1,178.6			
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↗	EGX 30	11,514.87	1.00%	6.17%		↘	Gold	1,778.67 (0.26%) (6.14%)
	↗	EGX 30 TR	4,548.24	1.05%	9.02%		↘	Silver	22.39 (0.61%) (15.00%)
	↘	EGX 70 EWI	2,197.18	(0.52%)	2.43%		↗	Brent Oil	73.08 1.19% 42.76%
	↗	EGX 100 EWI	3,210.27	0.31%	3.63%		↗	WTI	69.49 1.44% 45.28%
	↗	DFMGI	3,162.23	2.35%	26.90%		↗	Natural Gas	3.66 2.16% 47.14%
	↗	ADSMI	8,999.32	2.59%	78.72%		↘	USD/EGP	15.71 (0.01%) 0.19%
	↘	TASI	11,021.07	(1.09%)	26.83%	€	↗	EUR/USD	1.13 0.09% (7.54%)
	↘	QE Index	11,582.28	(0.04%)	11.13%	£	↗	GBP/USD	1.33 0.16% (2.82%)
	↗	S&P 500	4,591.67	1.17%	22.25%	¥	↘	USD/JPY	113.48 (0.60%) (9.19%)
	↗	Dow 30	35,227.03	1.87%	15.10%		↘	6M TB yield	12.59 (6) (14)
	↗	NASDAQ	15,225.15	0.93%	18.13%		↘	1Y TB yield	13.32 (2) 55
	↘	VIX	27.18	(11.38%)	19.47%		↗	10Y TB yield	14.73 2 34
	↗	STOXX 50	4,137.11	1.40%	16.45%		↗	2Y TB yield	0.65 5 52
	↘	MSCI Emerging	1,213.96	(0.87%)	(5.99%)		↗	10Y TB yield	1.45 9 52
	↘	MSCI Frontier	650.96	(0.87%)	13.88%		↗	30Y TB yield	1.78 10 12

* 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

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

6. KEY DATES

DATE	TICKER	TYPE	EVENT
7-Dec-21	ORWE	OGM	Discussing netting contracts.
11-Dec-21	UEFM	EGM	Amending articles of the bylaws.
13-Dec-21	MNHD	OGM	Approving its fair value study.
13-Dec-21	MNHD	EGM	Approving increasing the issued capital and amending articles 6 and 7 of the bylaws.
13-Dec-21	HELI	Cash dividend	Deadline for eligibility for a dividend of EGP0.10/share.
14-Dec-21	PHDC	OGM	Discussing netting contracts.
14-15 Dec-21		FOMC	Determining the U.S. Monetary stance.
16-Dec-21	HELI	Cash dividend	Date for paying out a dividend of EGP0.02/share (1st round).
16-Dec-21		MPC Meeting	Determining the CBE's policy rate.
16-Dec-21	NBKE	EGM	Discussing delisting.
16-Dec-21	ETRS	EGM	Amending articles of incorporation.
16-Dec-21	PRCL	OGM	Approving the financial statements and other agenda items.
16-Dec-21	PRCL	EGM	Discussing a capital increase.
19-Dec-21	PORT	EGM	Amending article 2 of the bylaws.
20-Dec-21	RAYA	OGM	Approving the financial statements and the proposed dividends.
22-Dec-21	EGCH	OGM	Approving the financial statements ending 30 Jun. 2021.
22-Dec-21	EGCH	EGM	Amending articles of the bylaws.
23-Dec-21	PACH	OGM	Approving the financial statements and the proposed dividends.
26-Dec-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
30-Dec-21	ABUK	Cash dividend	Date for paying out a dividend of EGP1.00/share (2nd round).
30-Dec-21	MICH	Cash dividend	Date for paying out a dividend of EGP0.50/share (2nd round).
30-Dec-21	EGTS	OGM	Approving the financial statements and other agenda items.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
6-Dec-21	MACROView – Searching for Lost Momentum
21-Nov-21	TAKEStock – Nitrogen Fertilizers Local Price Hike
17-Nov-21	EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs
17-Nov-21	Orascom Construction [ORAS] – BESIX – Back on Track Again
15-Nov-21	B Investments Holding [BINV] – Growth Dented Across the Board – Take 2
15-Nov-21	Elsewedy Electric [SWDY] – A Quarter to Forget?
14-Nov-21	Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year
14-Nov-21	Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter
14-Nov-21	Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts



10-Nov-21	<u>MACROView – The Calm Before the Storm, or Maybe Not</u>
10-Nov-21	<u>CI Capital Holding [CICH] – Record-Breaking Quarter</u>
7-Nov-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u>
4-Nov-21	<u>MACROView – Underlying Strength, but Gathering Headwinds</u>
3-Nov-21	<u>MACROView – Gathering Clouds</u>
1-Nov-21	<u>TAKEStock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKEStock – Natural Gas Price Hike</u>
19-Oct-21	<u>MACROView – The Storm Is Gone but the Headwinds Persist</u>
13-Oct-21	<u>e-finance [EFIH] – An Eye-Opening IPO</u>
10-Oct-21	<u>MACROView – Walking a Tightrope</u>
6-Oct-21	<u>MACROView – On “Risk Control” Mode</u>
6-Oct-21	<u>MACROView – The Tortuous Path to Recovery</u>
19-Sep-21	<u>TAKEStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival</u>
15-Sep-21	<u>MACROView – Deciphering the Din of Battle</u>
14-Sep-21	<u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u>
9-Sep-21	<u>MACROView – Hot Summer Winds</u>
7-Sep-21	<u>MACROView – The Global Blessing Windfall</u>
6-Sep-21	<u>MACROView – Tempered, But Cautious, Optimism</u>
5-Sep-21	<u>Misr Chemical Industries [MICH] – Nice While It Lasted</u>
29-Aug-21	<u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u>
24-Aug-21	<u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u>
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsowedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July’s Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>

8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-July-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-June-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-June-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-June-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-June-21	<u>MACROView – Further Enhancement</u>
3-June-21	<u>MACROView – Contraction Eased</u>
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>
22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>
11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
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>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>
1-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>

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