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One Man's Loss Is Other Man's Gain

1. Today's Trading Playbook

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KEY THEMES

Yesterday, the government has raised the price of subsidized sugar in Egypt by EGP2,000 per ton to EGP10,500 from EGP8,500 currently. The decision was attributed to higher global prices in general, as raw sugar prices jumped c.57% since H1 2020.

We believe the decision will be very beneficial to Delta Sugar [**SUGR**], given its strong contribution to the local market, and the subsidized sugar segment in particular. We note that in 2020, SUGR has sold a whopping 427,000 tons, mostly at prices below EGP6,500 per ton. Furthermore, we calculate that during 9M 2021, SUGR has sold nearly 237,000 tons, at an average price of EGP7,360 per ton.

For SUGR, the question is whether this hike is a temporary measure, or the company will see a relative stability in its selling prices at current levels. We have previously set a PT for SUGR at EGP14.5/share in our [Trading Playbook dated 12 July 2021](#). In view of the recent updates, we think hiking local subsidized prices could take our PT for SUGR to a range between EGP21-23/share, offering an average upside potential of 65% from yesterday's close.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Foreign holding of Treasury bills in local currency decreased by c. USD1.9bn, standing at USD22bn by the end of October, according to the CBE. This came in line with the fall in foreign assets in commercial bank during the same months, indicating to the growing pressures on capital flows amid global wave of tightening monetary conditions. ([CBE](#))

The government is planning to IPO the power stations built with Siemens to maximize the return on state-owned assets, in addition to refinancing state investments to ease the burden on the public budget. ([Economy Plus](#))

Dana Gas has received a payment of USD39mn from the Egyptian Government in December. This has reduced its receivables from Egypt to below USD30mn, which represents its lowest levels since commencing operations in 2007. ([Zawya](#))

CORPORATE NEWS

Ghazl El-Mahalla Football Co.'s (GMFC) private placement was covered by the contribution of Egyptian institutions and individuals, which accounted for EGP20mn or 10% stake. On the other hand Arabs has contributed by EGP17mn or 8.5% stake. GMFC is scheduled to hold a general meeting soon to approve the results of the private placement and call for the public offering, as the company aims to be listed on EGX and start trading on its shares during February 2022. ([Youm 7](#))

Egypt Gas's [EGAS] BoD that took place yesterday has approved the 2022's budget figures. EGAS target to achieve bottom line of EGP165mn in 2022. We note that, during 9M 2021, EGAS recorded net earnings of EGP42mn. ([Company disclosure](#))

GLOBAL NEWS

Next year will be a turning point for U.S. financial policy as Democratic President Joe Biden's new regulators ready a slew of rule changes that are set to create headaches for Wall Street and corporate America. ([Reuters](#))

U.S. oil and gas executives are predicting higher production and drilling activity next year as oil prices climb, but say they face sharply higher costs, according to a poll released by the Federal Reserve Bank of Dallas. ([Reuters](#))

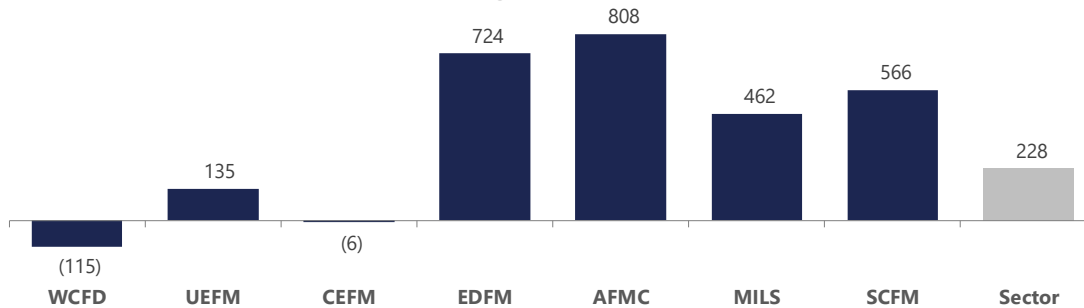
3. CHART OF THE DAY

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State-owned mills EV/Ton for FY21
(Based on the closing prices as of 28 December 21)



Source: Companies reports.

Out of the seven state-owned EGX-listed mills, two recorded negative EV/ton, compared to the weighted average EV/Ton for the sector of EGP227.5/Ton. Meanwhile, the negative EV/Ton means that a company has net cash position that's greater than the company's market cap. Middle & West Delta Flour Mills [WCDF] recorded the highest negative EV/Ton of EGP114.6/Ton, followed by Central Egypt Flour Mills [CEFM] negative EV/Ton of EGP6.3/Ton.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
753.5					1,014.8 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	11,898.42	(0.13%)	9.71%		Gold	1,804.71	(0.08%)	(5.26%)
	EGX 30 TR	4,696.48	(0.14%)	12.58%		Silver	22.83	(0.81%)	(14.11%)
	EGX 70 EWI	2,183.29	0.07%	1.78%		Brent Oil	79.23	(0.01%)	52.93%
	EGX 100 EWI	3,227.81	0.10%	4.20%		WTI	76.56	0.07%	57.89%
	DFMGI	3,174.09	(0.78%)	27.37%		Natural Gas	4.02	(2.93%)	53.84%
	ADSMI	8,450.53	0.71%	66.09%		USD/EGP	15.71	(0.01%)	0.18%
	TASI	11,199.84	(1.02%)	28.89%	€	EUR/USD	1.13	(0.27%)	(7.35%)
	QE Index	11,678.93	0.03%	11.91%	£	GBP/USD	1.35	(0.11%)	(1.43%)
	S&P 500	4,793.06	0.14%	27.61%	¥	USD/JPY	114.95	(0.11%)	(10.33%)
	Dow 30	36,488.63	0.25%	19.22%		6M TB yield	12.19	(16)	(54)
	NASDAQ	15,766.22	(0.10%)	22.33%		1Y TB yield	13.25	0	48
	VIX	16.95	(3.36%)	(25.49%)		10Y TB yield	14.71	(1)	32
	STOXX 50	4,284.83	(0.63%)	20.61%		2Y TB yield	0.75	(2)	62
EM	MSCI Emerging	1,217.93	(0.75%)	(5.68%)		10Y TB yield	1.55	6	62
FM	MSCI Frontier	662.47	(0.05%)	15.89%		30Y TB yield	1.96	6	30

* 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
30-Dec-21	AMES	BoD meeting	Approving the estimated budget of FY 2022 & other agenda items.
30-Dec-21	ALCN	BoD meeting	Discussing 5M 2022 financials.
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.
1-Jan-22	ALCN	OGM	Approving the financial statements and other agenda items.
1-Jan-22	ALCN	EGM	Approving the company's draft articles of association.
1-Jan-22	CSAG	OGM	Approving its 2021 financials and discussing a dividend distribution.
1-Jan-22	CSAG	EGM	Approving the company's draft articles of association.
2-Jan-22	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
2-Jan-22	JUFO	Cash dividend	Deadline for eligibility for a dividend of EGP0.20/share.
3-Jan-22	JUFO	Cash dividend	Ex-dividend date for EGP0.20/share.
3-Jan-22	AREH	EGM	Amending articles 4 and 33 of the bylaws.
5-Jan-22	JUFO	Cash dividend	Date for paying out a dividend of EGP0.20/share.
9-Jan-22	PORT	EGM	Amending article No. 2 of the company's bylaws.
10-Jan-22	ODIN	EGM	Amending Articles No. 3 & 4 of the company's bylaws.
12-Jan-22	CCRS	OGM	A board reshuffle.
15-Jan-22	MPCO	OGM	Discussing the changing and hiring for key positions.
15-Jan-22	MPCO	EGM	Approving increasing issued capital and amending articles No. 6 & 7 of the company's bylaws.
15-Jan-22	DSCW	EGM	Approving increasing issued capital and amending articles No. 6 & 7 of the company's bylaws.
16-Jan-22	OCDI	OGM	Board election.
16-Jan-22	OCDI	EGM	Amending articles of the company's bylaws.
20-Jan-22	ARCC	EGM	Discussing changes to the bylaws.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
26-Dec-21	Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery
22-Dec-21	MACROView – The Return of the 'Vigilante'
14-Dec-21	MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation
9-Dec-21	MACROView – Another Retreat ... Until Further Notice
8-Dec-21	MACROView – For Stormy Days, Eyes on the Ball
7-Dec-21	EGYPTBanks – Takeoff Time
5-Dec-21	MACROView – Searching for Lost Momentum



21-Nov-21	<u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u>
17-Nov-21	<u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u>
17-Nov-21	<u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u>
15-Nov-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u>
15-Nov-21	<u>Elsowedy Electric [SWDY] – A Quarter to Forget?</u>
14-Nov-21	<u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u>
14-Nov-21	<u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u>
14-Nov-21	<u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u>
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-Jul-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-Jun-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-Jun-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-Jun-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-Jun-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-Jun-21	<u>MACROView – Further Enhancement</u>
3-Jun-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>Elsowedy 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>

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