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Two Sides of the Same Coin

1. Today's Trading Playbook

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Annual core inflation hit its highest level since June 2019, climbing to 6% y/y from 5.8% in November. Meanwhile, monthly core inflation eased to 0.2% from 0.5% in November. Yesterday, we published our **MACROView** note regarding annual headline urban inflation. As expected, annual urban headline inflation was up in December after two months of disinflation. The reasons appear to be a combination of the unfavorable base-year effect and lagging global-driven inflationary pressures. We think such drivers will put annual inflation right back on the rise, which is likely to continue hovering around 6-7% in Q1 2022. For more details, [please read our note here](#).

Elsewhere, the CBE has issued a circular yesterday that puts in place a mechanism under which it could in the future provide emergency liquidity to banks. The CBE stressed that such mechanism is different from the open market operation, which is one of the tools to control the overall liquidity supply within the banking sector. The emergency liquidity mechanism will be used as a last resort for banks that are unable to meet their liquidity needs from the interbank market or other markets for that matter. Given its emergency nature, the mechanism shouldn't be utilized under any circumstances to pay out dividends, buy back shares, or fund staff compensation. Furthermore, the pricing of the emergency liquidity came with a 5% margin above the CBE's overnight lending rate, with a maximum tenor of 180 days. Hence, any bank applies for the emergency liquidity shot will fall under tight supervision.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Annual core inflation hit its highest level since June 2019, climbing to 6% y/y from 5.8% in November. Monthly core inflation eased to 0.2% from 0.5% in November. ([CBE](#))

The UK arm of travel agency TUI is reporting a rise in bookings to Egypt after the UK government relaxed COVID-19 testing requirements last week. ([Bloomberg](#))

CORPORATE NEWS

CBE has issued a circular that governs the mechanism of providing emergency liquidity for banks in case of insufficiency within the interbank market. ([CBE](#)).

E Finance [EFIH] has reportedly inked an agreement with Misr Petroleum Company.

According to the news, EFIH will provide Misr Petroleum Company with a smart mechanism to distribute fuel amounts using smart cards. ([Mubasher](#))

El Shams Housing's [ELSH] BoD held on 5 January 2022 has said that Olive Tree Development was selected to develop the land plot E4 within the neighborhood R7 in Solana project. According to the arrangement, ELSH will get 36% of total revenues. ([Company disclosure](#))

GLOBAL NEWS

A U.S. Senate committee holds hearings this week for Federal Reserve Chair Powell and vice chair nominee Brainard that could provide new details about the Fed's to tighten monetary policy. ([Reuters](#))

Gold prices rose on Tuesday, supported by a weaker U.S. dollar and Treasury yields, as traders awaited December inflation data and weighed bets for quicker interest rate hikes. ([Reuters](#))

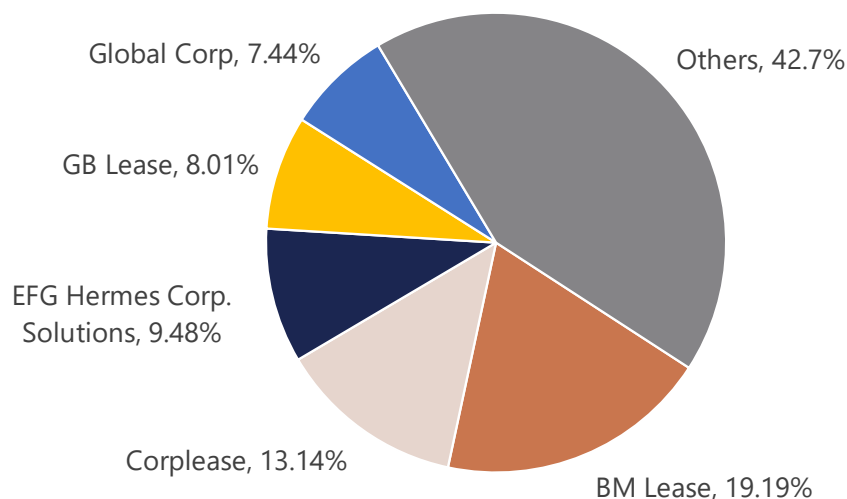
3. CHART OF THE DAY

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Egypt's Leasing Market Breakdown (ytd as of October 2021)



Source: FRA, Prime Research.

BM Lease ranked as first with a market share of 19.19% in October 2021. On the other hand, CI Capital Holding's [**CICH**] **Corplease** came in the second place, with a market share of 13.14%. Meanwhile, EFG Hermes Holding's [**HRHO**] leasing and factoring entity held the third place with a market share of 9.48%, evidencing its growing business.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
775.0					972.7 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	↗	EGX 30	12,022.69	0.37%	0.62%		↗	Gold	1,801.68 0.29% (1.14%)
	↗	EGX 30 TR	4,746.31	0.37%	0.63%		↗	Silver	22.47 0.45% (3.18%)
	↗	EGX 70 EWI	2,315.82	0.36%	5.18%		↗	Brent Oil	80.87 0.58% 4.58%
	↗	EGX 100 EWI	3,377.85	0.26%	3.77%		↗	WTI	78.23 0.74% 4.79%
	↗	DFMGI	3,229.57	0.31%	1.05%		↗	Natural Gas	4.08 0.78% 10.21%
	↘	ADSMI	8,353.99	(0.30%)	(1.58%)	EGP	↗	USD/EGP	15.71 0.03% 0.05%
	↗	TASI	11,664.83	0.90%	3.40%	€	↗	EUR/USD	1.13 0.10% (0.29%)
	↗	QE Index	12,056.38	0.37%	3.48%	£	↗	GBP/USD	1.36 0.07% 0.40%
	↘	S&P 500	4,670.29	(0.14%)	(2.01%)	¥	↗	USD/JPY	115.20 0.31% (0.11%)
	↘	Dow 30	36,068.87	(0.45%)	(0.74%)		↘	6M TB yield	12.09 (10) (64)
	↗	NASDAQ	14,942.83	0.05%	(4.49%)		↘	1Y TB yield	13.22 (2) 45
	↗	VIX	19.40	3.41%	12.66%		↗	10Y TB yield	14.72 1 33
	↘	STOXX 50	4,239.52	(1.54%)	(1.37%)		↗	2Y TB yield	0.91 5 78
EM	↗	MSCI Emerging	1,232.27	0.50%	0.02%		↘	10Y TB yield	1.76 (0) 83
FM	↘	MSCI Frontier	656.79	(0.67%)	(1.33%)		↘	30Y TB yield	2.08 (4) 42

* As of market close, except for commodities and currencies at 8.38am 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
12-Jan-22	CCRS	OGM	A board reshuffle.
13-Jan-22	RAYA	Cash dividend	Deadline for eligibility for a dividend of EGP0.060/share.
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.
18-Jan-22	RAYA	Cash dividend	Date for paying out a dividend of EGP0.060/share.
20-Jan-22	ARCC	EGM	Discussing changes to the bylaws.
23-Jan-22	ORAS	Cash dividend	Deadline for eligibility for a dividend of USD0.2313/share.
25-26 Jan-22		FOMC	Determining Policy Rate.
31-Jan-22	ORAS	Cash dividend	Date for paying out a dividend of USD0.2313/share.
3-Feb-22		MPC Meeting	Determining the CBE's policy rate.
3-Feb-22	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
6-Feb-22	MOIN	Cash dividend	Payment date for a dividend of EGP0.125/share (2nd installment).
15-Feb-22	EAST	Cash dividend	Payment date for a dividend of EGP0.60/share (2nd installment).

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
10-Jan-22	<u>MACROView – The Last Reading Ahead of a Cloudy Year</u>
30-Dec-21	<u>EGYPTCeramics – From Dusk to Dawn</u>
26-Dec-21	<u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u>
22-Dec-21	<u>MACROView – The Return of the ‘Vigilante’</u>
14-Dec-21	<u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u>
9-Dec-21	<u>MACROView – Another Retreat ... Until Further Notice</u>
8-Dec-21	<u>MACROView – For Stormy Days, Eyes on the Ball</u>
7-Dec-21	<u>EGYPTBanks – Takeoff Time</u>
5-Dec-21	<u>MACROView – Searching for Lost Momentum</u>
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>Elsewedy 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>Elsewedy 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>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>

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