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Oil Rallies on Geopolitical Tension

1. Today's Trading Playbook

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KEY THEMES

Oil prices continued to trend upward in early Tuesday trading on the back of concerns over potential supply disruptions. Such concerns were reinforced after Yemen's Houthi group attacked the United Arab Emirates through a drone attack. The build-up of geopolitical tensions has driven Brent oil prices to its best levels since October 2014, trading above the USD87/bbl.

Here at home, after almost three weeks of action in 2022, both of the EGX30 and EGX70 EWI are mildly down, with the ytd performance for both indices at 0.75%, and 0.28% respectively. Despite us being down so far in January, we note that January was historically a good month for the EGX30. Since 2005, the index monthly close in January came 65% (11 times) in the positive territory, whereas 35% (6 times) its monthly close came in red. Moreover, the index average monthly return in January during such period is 4.7%. In 65% of the time, when the index scores a positive monthly close, the average monthly return is 13%. However, in the remaining 35% of the time, when the index scores a positive monthly close, the average monthly return is -10%. As we stand, the EGX30 is now trading at 2022e P/E of c.7x, which implies an earnings yield of c.15%.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's first blank-check company will be established within the next month, Financial Regulatory Authority (FRA) said. ([Bloomberg Asharq](#))

Minister of Finance and Japan's ambassador in Cairo discussed potentially issuing foreign currency bonds in Japan as part of Egypt's debt diversification strategy. ([Enterprise](#))

Egypt borrowed USD10.3bn from bilateral and multilateral lenders in 2021, according to the Ministry of International Cooperation's annual report. ([Enterprise](#))

CORPORATE NEWS

Rameda [RMDA] announced that it has begun the commercial production of Molupiravir Rameda, the generic form of the oral antiviral medicine developed by Merck and approved for the treatment of COVID-19 in adults, after receiving the necessary authorizations from the Egyptian Drug Authority (EDA). ([Company disclosure](#))

Abu Dhabi Islamic Bank - Egypt [ADIB] has applied to raise its authorized capital from EGP4bn to EGP7bn. ([Mubasher](#))

The FRA predicts that trading on Nahr Al-Khair for Agricultural Investment & Environmental Services' [KRD] shares will commence this week. KRD has a paid-in capital of EGP200mn distributed over 2bn shares at a par value of EGP0.1/share. ([Mubasher](#))

GLOBAL NEWS

Oil prices rose more than USD1 on Tuesday to a more than seven-year high on worries about possible supply disruptions after Yemen's Houthi group attacked the United Arab Emirates. ([Reuters](#))

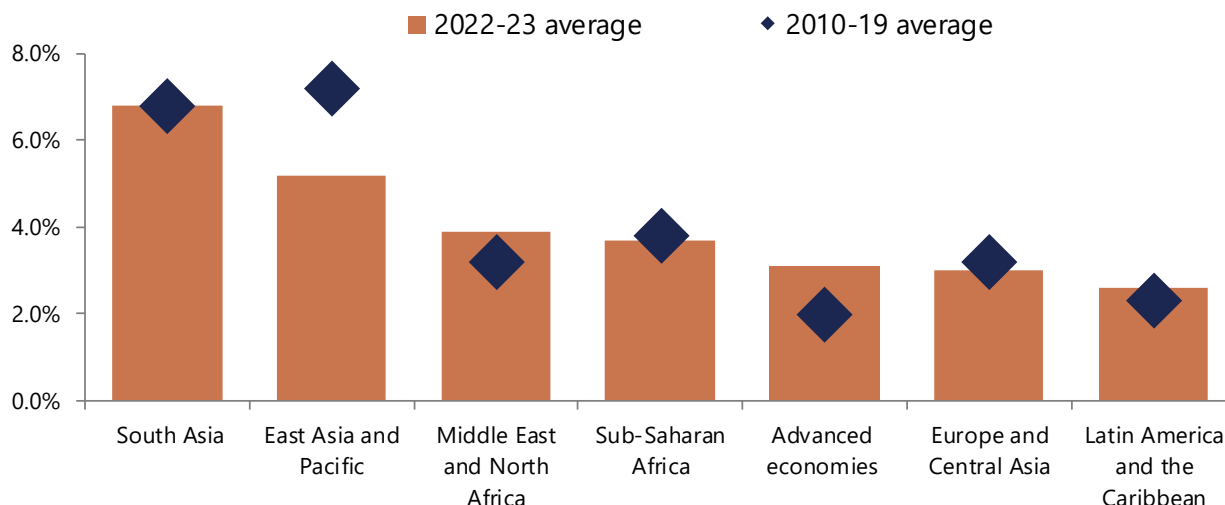
The yen stumbled on Tuesday as U.S. Treasury yields rose to new near two-year highs and the Bank of Japan stressed its resolve to maintain ultra-loose monetary policy. ([Reuters](#))

Benchmark Dalian and Singapore iron ore futures fell on Monday, dragged down by improving near-term supply of the steelmaking ingredient and signs of continuing economic weakness in top steel producer China. ([Reuters](#))

3. CHART OF THE DAY

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
























Source: World Bank.

According to the World Bank's global growth prospect reports, average growth in 2022 and 2023 is expected to be about the average registered in the decade prior to the pandemic in most emerging markets and developing economies, although East Asia & Pacific will fall short.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						760.4	
						daily chg.	ytd chg.
		EGX 30	11,859.12	0.24%	(0.75%)		
		EGX 30 TR	4,682.59	0.23%	(0.72%)		
		EGX 70 EWI	2,195.63	(0.04%)	(0.28%)		
		EGX 100 EWI	3,227.04	0.10%	(0.87%)		
		DFMGI	3,179.35	(0.70%)	(0.52%)		
		ADSMI	8,413.22	(0.14%)	(0.89%)		
		TASI	12,165.84	0.46%	7.84%		
		QE Index	12,471.40	0.30%	7.27%		
		S&P 500	4,662.85	0.08%	(2.17%)		
		Dow 30	35,911.81	(0.56%)	(1.17%)		
		NASDAQ	14,893.75	0.59%	(4.80%)		
		VIX	19.19	(5.51%)	11.44%		
		STOXX 50	4,302.14	0.70%	0.09%		
		MSCI Emerging	1,254.40	(0.24%)	1.82%		
		MSCI Frontier	654.05	(1.12%)	(1.74%)		

Equity turnover (EGPmn): Last, ytd avg.						739.6		1,178.6	
						daily chg.	ytd chg.		
		Gold	1,819.23	0.07%	(0.69%)				
		Silver	23.02	0.24%	(1.51%)				
		Brent Oil	86.48	1.48%	12.83%				
		WTI	83.82	1.88%	13.55%				
		Natural Gas	4.26	0.68%	15.04%				
		USD/EGP	15.74	(0.32%)	0.11%				
€		EUR/USD	1.14	(0.07%)	0.26%				
£		GBP/USD	1.36	(0.07%)	0.78%				
¥		USD/JPY	114.63	(0.38%)	0.21%				
		6M TB yield	12.06	(3)	(67)				
		1Y TB yield	13.21	(1)	44				
		10Y TB yield	14.72	1	33				
		2Y TB yield	1.06	9	93				
		10Y TB yield	1.85	6	92				
		30Y TB yield	2.18	5	52				

* 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
18-Jan-22	RAYA	Cash dividend	Date for paying out a dividend of EGP0.060/share.
18-Jan-22	UEFM	Auction	To rent 14 shops.
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-Jan-22	ALCN	Cash dividend	Deadline for eligibility for a dividend of EGP0.787/share.
25-Jan-22	PACH	Cash dividend	Deadline for eligibility for a dividend of EGP1.25/share.
25-26 Jan-22		FOMC	Determining Policy Rate.
26-Jan-22	ALCN	Cash dividend	Ex-dividend date for EGP0.787/share.
31-Jan-22	PACH	Cash dividend	Date for paying out a dividend of EGP0.75/share (1st installment).
31-Jan-22	ALCN	Cash dividend	Date for paying out a dividend of EGP0.787/share.
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
12-Jan-22	<u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u>
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>TAKESock – 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 [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 [MACROView – The Calm Before the Storm, or Maybe Not](#)
- 10-Nov-21 [CI Capital Holding \[CICH\] – Record-Breaking Quarter](#)
- 7-Nov-21 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Earnings Recover on Lower Provisions](#)
- 4-Nov-21 [MACROView – Underlying Strength, but Gathering Headwinds](#)
- 3-Nov-21 [MACROView – Gathering Clouds](#)
- 1-Nov-21 [TAKEStock – Separating the Wheat from the Chaff](#)
- 31-Oct-21 [TAKEStock – Natural Gas Price Hike](#)
- 19-Oct-21 [MACROView – The Storm Is Gone but the Headwinds Persist](#)
- 13-Oct-21 [e-finance \[EFIH\] – An Eye-Opening IPO](#)
- 10-Oct-21 [MACROView – Walking a Tightrope](#)
- 6-Oct-21 [MACROView – On “Risk Control” Mode](#)
- 6-Oct-21 [MACROView – The Tortuous Path to Recovery](#)
- 19-Sep-21 [TAKEStock – Consumer Staples \(Food & Beverage\) – All You Can Eat Festival](#)
- 15-Sep-21 [MACROView – Deciphering the Din of Battle](#)
- 14-Sep-21 [TAKEStock – Orascom Investment Holding \[OIH\] — Monetization at Play](#)
- 9-Sep-21 [MACROView – Hot Summer Winds](#)
- 7-Sep-21 [MACROView – The Global Blessing Windfall](#)
- 6-Sep-21 [MACROView – Tempered, But Cautious, Optimism](#)
- 5-Sep-21 [Misr Chemical Industries \[MICH\] – Nice While It Lasted](#)
- 29-Aug-21 [Orascom Construction \[ORAS\] – Recovery on Track Although Below Estimates](#)
- 24-Aug-21 [Abu Qir Fertilizers \[ABUK\] – When the Stars Align](#)
- 18-Aug-21 [EFG Hermes Holding \[HRHO\] – Solid Business, Strong Financial Growth](#)
- 17-Aug-21 [Elsewedy Electric \[SWDY\] – Impressive Set of Results](#)
- 17-Aug-21 [Commercial International Bank \[COMI\] – Adjustment Post Stock Dividend](#)
- 16-Aug-21 [B Investments Holding \[BINV\] – Growth Dented Across the Board](#)
- 11-Aug-21 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Non-Interest Income Heals Earnings Growth](#)
- 10-Aug-21 [MACROView – July’s Feverous Inflation](#)
- 9-Aug-21 [CI Capital Holding \[CICH\] – Robust Exit Saves the Day](#)

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>
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2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
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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>

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