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How High Is Up?

1. Today's Trading Playbook

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KEY THEMES

U.S. equities slipped notably yesterday, after yields on U.S. Treasuries surged to their highest levels in about two years. Just this morning, the yield on U.S. 10-year Treasury was around 1.875%. In addition, Q4 2021 earnings results saw a number of banking stocks missing estimates. Moreover, Asian equities were also down this morning, in anticipation to the outlook for the U.S. monetary policy. On the other hand, oil prices rose for a fourth consecutive day, as an outage in a pipeline from Iraq to Turkey increased concerns about the notion of tight global supply.

Elsewhere, General Co. for Ceramic & Porcelain Products [**PRCL**] has rallied 37% since we published our [sector note](#) on Egyptians ceramics producers back on 30 December 2021. We remind you that we have an Underweight rating for PRCL, with a 12MPT of EGP2.7/share (ETR of -34%). The company's net losses widened in 2020/21 to EGP62mn from EGP54mn a year before, swinging from a gross profit to a gross loss. The EGP39mn one-off related to other revenues was not enough to save the company's bottom line. We expect PRCL to turn to profitability in 2025, to record a net income of EGP14mn and EGP38mn in 2025 and 2026, respectively.

As for the whole sector, we prefer Al-Ezz for Ceramics & Porcelain [**ECAP**] (OW, 12MPT EGP14.8/share, ETR +43%) and Arab Ceramic Co. "Ceramica Remas" [**CERA**] (OW, 12MPT EGP0.88/share, +25%). Meanwhile, we have an Underweight rating on Lecico Egypt [**LCSW**], with a 12MPT of EGP3.8 (ETR +6%).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The monthly minimum wage paid to public sector workers will be increased by 12.5% starting from July 2022. Meanwhile, public sector employees will receive the same annual raise as last year. ([Spokesman of the presidency](#))

Construction on the Dabaa nuclear power plant is on track to begin this summer, according to the director of Russia's state-owned nuclear power company Rosatom. ([TASS](#))

Foreign holdings of T-bills fell to USD20.6bn at the end of November 2021, compared to USD22.2bn at the end of October 2021. Meanwhile, an official source at the CBE said that foreign investors have pumped about USD970mn since the beginning of 2022, including long-term bonds and treasury bills. ([Economy Plus](#))

CORPORATE NEWS

EIPICO's [PHAR] BoD held on 17 January 2022 has ratified the feasibility study related to establishing a company specialized in the manufacturing of raw chemical materials for pharmaceuticals. The new company will have a paid-in capital of EGP400mn, with PHAR's stake targeted to be 25%. ([Company disclosure](#))

El Saeed Contracting & Real Estate Investment [UEGC] has been assigned a new project in Sohag with an estimated value of EGP700mn. ([Company disclosure](#))

Vodafone Group is close to transferring the ownership of its majority stake in Vodafone Egypt [VODE] to the South African company Vodacom, after the majority of Vodacom shareholders agreed to acquire the 55% stake in VODE during the company's general assembly meeting. ([Company disclosure](#))

Media sources point to the imminent signing of the legal contracts between Heliopolis Housing & Development [HELI] and Mountain View. According to circulating news, 80% of the terms is agreed upon, with expectations of removing the in-kind share for HELI. ([Al-Mal](#))

Ibnsina Pharma [ISPH] signed a contract to install the first solar panels at one of its sites. The peak power of the installed solar panels will be enough to cover the electrical needs of the administrative offices and warehouse, and reduce nearly 281 tons equivalent of carbon dioxide annually. ([Company disclosure](#))

Ghazl El-Mahalla Football Co.'s GM will meet on 22 January 2022 to kick off the public offering process. Meanwhile, the company's private placement of EGP37mn was covered by the contribution of individuals in addition to Egyptian, Kuwaiti and Saudi institutions. ([Al-Mal](#))

GLOBAL NEWS

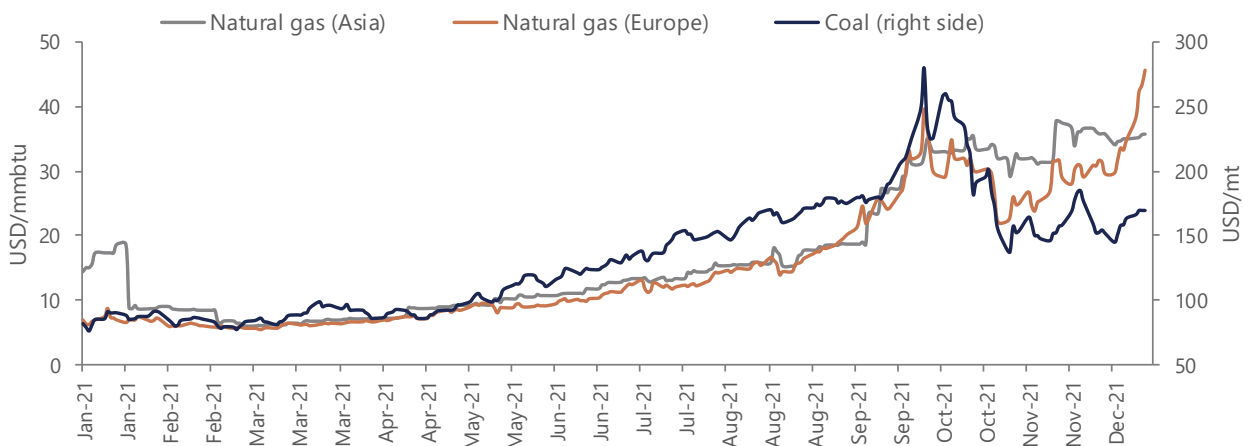
The U.S. dollar held firm on Wednesday after the previous day's surge in U.S. yields resulted in sharp gains against the euro and put the greenback above support levels established in recent months amid mounting expectations for U.S. interest rate hikes. ([Reuters](#))

Oil prices rose for a fourth day to a seven-year high as an outage in a pipeline from Iraq to Turkey increased concerns about an already tight supply outlook amid worrisome geopolitical troubles in Russia and the UAE. ([Reuters](#))

3. CHART OF THE DAY

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Mona Bedeir | Chief Economist
mbedeir@egy.primegroup.org



Source: Bloomberg, World Bank.

Energy prices surged in H2 2021, and their projected path has been revised up significantly. Natural gas and coal prices increased particularly sharply, driven by demand recovery and supply constraints, although coal prices receded toward the end of the year.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)				762.8	Equity turnover (EGPmn): Last, ytd avg.				650.9	1,178.6
			daily chg.	ytd chg.				daily chg.	ytd chg.	
	EGX 30	11,876.44	0.15%	(0.61%)		Gold	1,813.74	(0.30%)	(0.84%)	
	EGX 30 TR	4,689.83	0.15%	(0.57%)		Silver	23.47	1.96%	1.12%	
	EGX 70 EWI	2,218.72	1.05%	0.77%		Brent Oil	87.51	0.63%	13.22%	
	EGX 100 EWI	3,259.48	1.01%	0.13%		WTI	85.43	0.89%	14.60%	
	DFMGI	3,177.88	(0.05%)	(0.56%)		Natural Gas	4.28	(0.72%)	13.99%	
	ADSMI	8,479.14	0.78%	(0.11%)		USD/EGP	15.74	(0.01%)	0.14%	
	TASI	12,193.75	0.23%	8.08%		EUR/USD	1.13	0.10%	(0.30%)	
	QE Index	12,570.59	0.80%	8.06%		GBP/USD	1.36	0.10%	0.57%	
	S&P 500	4,577.11	(1.84%)	(3.97%)		USD/JPY	114.61	0.02%	0.70%	
	Dow 30	35,368.47	(1.51%)	(2.67%)		6M TB yield	12.06	(3)	(67)	
	NASDAQ	14,506.90	(2.60%)	(7.27%)		1Y TB yield	13.21	(1)	44	
	VIX	22.79	18.76%	32.35%		10Y TB yield	14.72	1	33	
	STOXX 50	4,257.82	(1.03%)	(0.94%)		2Y TB yield	1.07	1	94	
	MSCI Emerging	1,241.58	(1.02%)	0.78%		10Y TB yield	1.88	3	95	
	MSCI Frontier	648.03	(0.92%)	(2.65%)		30Y TB yield	2.19	1	53	

* 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
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	QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth

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>

Prime Securities

Shawkat El Maraghy

Managing Director

T +20233005622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +20233005784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +20233005612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head-Institutional Desk

T +20233005609

AAlaa@egy.primegroup.org

Mohamed ElMetwaly

Manager

T +20233005610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +20233005624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +20233008130

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +20233005173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +20233005724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi El Nil St, Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +20227770600

F +20227770604

Alexandria

7 Albert Al Awa St.
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

Website

www.primeholdingco.com

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