

**TABLE OF CONTENTS**

1. Today's Trading Playbook	2. Top News & Analysis	3. Chart of the Day
4. Markets Performance	5. Latest EGX Valuation Multiples	6. Key Dates
		7. Latest Research

## The Earnings Season Continues

### 1. Today's Trading Playbook

[TABLE OF CONTENTS](#)

#### KEY THEMES

Faisal Islamic Bank of Egypt [FAIT] 2021 standalone bottom line expanded 30% y/y to EGP2.7bn. Net earnings growth came as a result of (1) 19% growth in net interest income of EGP5.4bn, and (2) better cost to income measures. What is more interesting is the sequential jump in FAIT's Q4 2021 net earnings. The bank-registered bottom line of EGP1bn in Q4 2021 (+88% q/q, 37% of 2021's EPS). The reason behind strong Q4 2021 was strong 35% y/y growth in net interest income of EGP1.6bn. In light of Q4 2021 results, FAIT's ROAE is now at 17%. While some might argue that FAIT's ROAE is not that rich, it does not really justify the current discount to FAIT's book value. FAIT's is currently traded at 2021's P/E and P/B of 2.8x and 0.45x respectively, reflecting a discount that we think is overly stated. Moreover, FAIT's BoD declared a DPS of EGP1.26/share, implying a dividends yield of 10%.

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

### 2. TOP NEWS & ANALYSIS

[TABLE OF CONTENTS](#)

#### MACRO NEWS

**German development bank KfW's Green for Growth Fund (GGF) now has a license from the Central Bank of Egypt (CBE) to act as a "tier-two" lender in Egypt.** ([Enterprise](#))

**The International Islamic Trade Finance Corporation (ITFC) has approved USD2.6bn in funding for "development projects" in Egypt.** ([Ministry of Trade](#))

**The budget deficit reached 3.9% of GDP H2 FY22 compared to 3.6% a year ago.** Minister of finance also add the government now expect primary surplus of 1.1%-1.2% in the current fiscal year. ([Al-sharq business](#))

**The Ministry of Housing, Utilities and Urban Communities stated that the units of the presidential initiative "Housing for All Egyptians" are being implemented in New Cairo,** with a total of 222 buildings comprising 5,328 housing units, with investments of EGP2bn. (Al-Borsa)

## CORPORATE NEWS

**Fawry [FWRY] plans to reach 250 branches by the end of 2022. FWRY current number of branches is about 160.** ([Arab Finance](#)) Meanwhile, FWRY and Misr Capital are launching the MENA region's first fintech-based money market fund. ([Enterprise](#))

**Faisal Islamic Bank of Egypt [FAIT] has reported its 2021 standalone results, showing an increase in net income of EGP2.7bn (+30% y/y).** This increase is mainly driven by the surge in net interest income of EGP5.4bn (+19% y/y). As a result, this filtered through a solid NIM of 4.76%. The bank's balance sheet showed improvement as well, where the total assets reached EGP131bn (+14% y/y), fueled by a 13.50% growth in deposits. FAIT's BoD suggested cash dividends distribution of 1.26EGP/share, pending shareholders and CBE's approval. ([Bank disclosure](#))

**Macro Group Pharmaceuticals (Macro Capital)'s [MCRO] public offering which consists of 5% of the total offering (i.e. 13.2mn shares),** will open today and, expected to close on 7 February 2022. ([Mubasher](#))

**Ghazl El-Mahalla Football Co (GMFC) intends to announce its IPO prospectus for the public offering of the company's shares before the beginning of next February.** ([Al-Borsa](#))

**Alexandria Containers' [ALCN] BoD will be held next Wednesday 26 January 2022 to ratify H1 2021/22 results.** ([Company disclosure](#))

## GLOBAL NEWS

**Benchmark Chinese government bond yields on Monday fell through a key level for the first time in nearly 20 months after the central bank announced its latest rate cut** and as expectations grow for further easing to stabilize the slowing economy. ([Reuters](#))

**The dollar firmed slightly on Monday with traders nervous about tensions in Ukraine and a possible hawkish tilt by the Federal Reserve at a much-watched meeting this week,** while bitcoin lay near a six-month low, a further sign of the "risk off" mood. ([Reuters](#))

## 3. CHART OF THE DAY

## TABLE OF CONTENTS

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— Green Markets EU Black Sea Ammonia Spot Price USD/metric tonne



Source: Bloomberg.

In 2021, European fertilizer prices jumped fourfold in 2021. For European farmers, this will leave them with no choice but to use fewer nutrients or pass on the cost down the food chain.

## 4. MARKETS PERFORMANCE

## TABLE OF CONTENTS

Current equity market cap (EGPbn)				Equity turnover (EGPmn): Last, ytd avg.			
750.9				529.0 1,178.6			
		daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	11,655.72	(0.65%) (2.46%)		Gold	1,835.38	(0.21%) 0.53%
	EGX 30 TR	4,596.71	(0.77%) (2.54%)		Silver	24.30	(0.71%) 3.55%
	EGX 70 EWI	2,176.80	(1.45%) (1.13%)		Brent Oil	87.89	0.77% 13.87%
	EGX 100 EWI	3,181.33	(1.57%) (2.27%)		WTI	85.14	0.73% 14.03%
	DFMGI	3,209.82	1.29% 0.44%		Natural Gas	4.00	(2.25%) 4.80%
	ADSMI	8,705.95	0.28% 2.56%		USD/EGP	15.72	(0.03%) (0.07%)
	TASI	12,139.83	(1.23%) 7.61%		EUR/USD	1.13	(0.21%) (0.44%)
	QE Index	12,488.09	(0.19%) 7.24%		GBP/USD	1.36	(0.07%) 0.08%
	S&P 500	4,397.94	(1.89%) (7.73%)		USD/JPY	113.68	0.38% 1.12%
	Dow 30	34,265.37	(1.30%) (5.70%)		6M TB yield	12.10	4 (63)
	NASDAQ	13,768.92	(2.72%) (11.99%)		1Y TB yield	13.21	(0) 44
	VIX	28.85	12.74% 67.54%		10Y TB yield	14.72	1 33
	STOXX 50	4,229.56	(1.63%) (1.60%)		2Y TB yield	1.02	(4) 89
	MSCI Emerging	1,244.31	(0.91%) 1.00%		10Y TB yield	1.76	(9) 83
	MSCI Frontier	646.99	(0.34%) (2.80%)		30Y TB yield	2.08	(9) 42

\* 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

## TABLE OF CONTENTS

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

## 6. KEY DATES

DATE	TICKER	TYPE	EVENT
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.
26-Jan-22	ALCN	BoD meeting	Discussing financial results.
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).
13-Feb-22	ELSH	BoD meeting	Discussing agenda.
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	<a href="#">QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</a>
10-Jan-22	<a href="#">MACROView – The Last Reading Ahead of a Cloudy Year</a>
<b>30-Dec-21</b>	<b><a href="#">EGYPTCeramics – From Dusk to Dawn</a></b>
<b>26-Dec-21</b>	<b><a href="#">Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</a></b>
22-Dec-21	<a href="#">MACROView – The Return of the 'Vigilante'</a>
14-Dec-21	<a href="#">MACROView – When "Bad" Inflation Clouds the Path of "Good" Inflation</a>
9-Dec-21	<a href="#">MACROView – Another Retreat ... Until Further Notice</a>
8-Dec-21	<a href="#">MACROView – For Stormy Days, Eyes on the Ball</a>
<b>7-Dec-21</b>	<b><a href="#">EGYPTBanks – Takeoff Time</a></b>
5-Dec-21	<a href="#">MACROView – Searching for Lost Momentum</a>
21-Nov-21	<a href="#">TAKESock – Nitrogen Fertilizers Local Price Hike</a>
17-Nov-21	<a href="#">EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</a>
17-Nov-21	<a href="#">Orascom Construction [ORAS] – BESIX – Back on Track Again</a>
15-Nov-21	<a href="#">B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</a>
15-Nov-21	<a href="#">Elsewedy Electric [SWDY] – A Quarter to Forget?</a>
14-Nov-21	<a href="#">Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</a>

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

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

8-Mar-21	<a href="#"><u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u></a>
<b>7-Mar-21</b>	<b><a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
3-Mar-21	<a href="#"><u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u></a>
2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</u></a>
1-Mar-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u></a>
25-Feb-21	<a href="#"><u>Elsowedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u></a>
22-Feb-21	<a href="#"><u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u></a>
10-Feb-21	<a href="#"><u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u></a>
8-Feb-21	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
4-Feb-21	<a href="#"><u>MACROView – External Buffers Are Still Restoring Grounds</u></a>
3-Feb-21	<a href="#"><u>MACROView – A Fragile Improvement but Favorable Sentiment</u></a>
3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
<b>1-Feb-21</b>	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>

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