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Preludes to Geopolitical Actions

1. Today's Trading Playbook

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KEY THEMES

The situation in Ukraine has global put equity markets under pressure. U.S. equities rose yesterday after a very tough session, with indices closing in green after hitting its worst levels since April 2021. However, this morning, both of Asian shares and U.S. futures tumbled with investors nervous about the situation in Ukraine and in anticipation to the Fed's directions amid worries about a move to tighter monetary policy globally. Moreover, Oil prices bounced back after NATO said on Monday it was putting forces on standby to reinforce eastern Europe.

Elsewhere, Sidi Kerir Petrochemicals [**SKPC**] has reported its preliminary 2021 figures. SKPC ended the year with net earnings of EGP535mn vs. only EGP26mn in 2020. However, what's more important is the sequential recovery in Q4 2021. SKPC managed to register a bottom line of EGP177mn (+136% q/q), on the back of 24% improvement in revenues of EGP1.37bn as volumes recovered. Furthermore, Q4 2021 GPM improved substantially by 9pp q/q to 25%. SKPC is currently traded at TTM P/E of 8.5x.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt shipped 6.80mn tons of LNG for 2021, a 10-year high, as volumes more than quadrupled from 2020 levels. ([MEES](#))

Egypt targets USD7bn in direct foreign investment (FDI) for its oil and gas sector in FY23. ([Reuters](#))

Tourism revenues surpassed USD13bn in 2021, returning to pre-pandemic levels. Tourism revenues reached around USD3.1bn in H1 2021, according to BoP data — meaning that revenues in H2 2021 recorded at least USD9.9bn. ([Al-Borsa](#))

EBRD will subscribe to almost a third of Scatec Solar's upcoming green bond issuance, which will use the proceeds to support its solar plants in Benban. ([EBRD](#))

CORPORATE NEWS

Edita Food Industries [EFID] aims to implement an expansion plan to increase production capacities during 2022, with investments amounting to EGP400mn. EFID said that it purchased a new bakery production line during 2021 at an investment cost of EGP135mn and is likely to be operational during next March or April. (Al-Mal)

Sidi Kerir Petrochemicals [SKPC] has reported its preliminary 2021 figures. SKPC ended the year with net earnings of EGP535mn vs. only EGP26mn in 2020. However, what's more important is the sequential recovery in Q4 2021. SKPC managed to register a bottom line of EGP177mn (+136% q/q), on the back of 24% improvement in revenues of EGP1.37bn as volumes recovered. Furthermore, Q4 2021 GPM improved substantially by 9pp q/q to 25%. ([Company disclosure](#))

The Central Bank of Egypt (CBE) has given preliminary approval for Standard Chartered to enter the Egyptian banking sector. The British bank will open its first local branch by September at the latest and plans to establish a second branch in Alexandria in 2023. ([Enterprise](#))

Misr Chemical Industries' [MICH] BoD will be held next Wednesday on 26 January 2022 to ratify H1 2021/22 results. ([Company disclosure](#))

GLOBAL NEWS

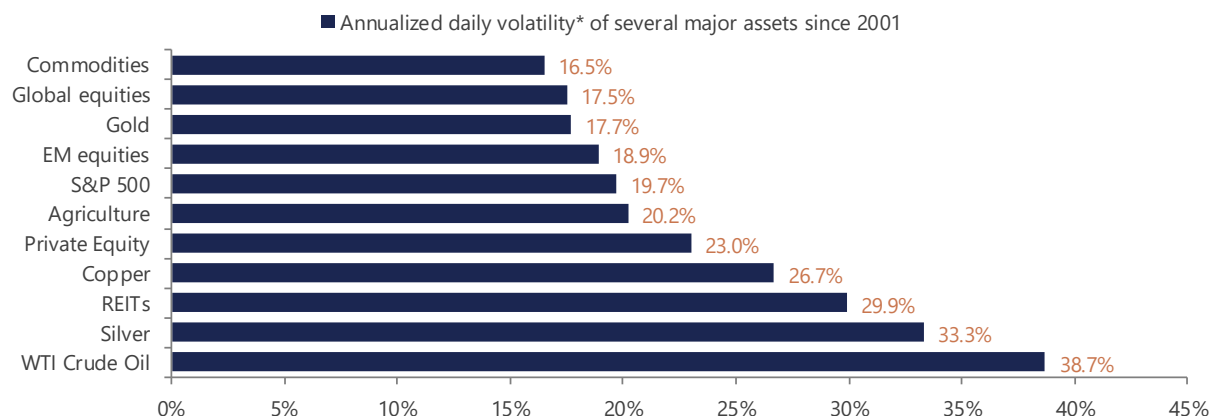
Worries over a more hawkish Federal Reserve are roiling asset markets around the globe, and this week's monetary policy meeting may offer insight into how aggressive the central bank intends to be. ([Reuters](#))

The euro zone economic recovery weakened this month, despite an upturn in Germany where factories benefited from an easing in supply chain bottlenecks, as renewed restrictions put a dent in the bloc's dominant services industry, a survey showed. ([Reuters](#))

3. CHART OF THE DAY

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











* Annualized volatility computed based on daily returns in US dollars between 31 December 2001 and 31 December 2021.
 Sources: Bloomberg, World Gold Council.

Gold has been less volatile than many equity indices, alternatives, and commodities (such as agriculture, copper, oil, and silver) because of its liquidity and diverse sources of demand.

4. MARKETS PERFORMANCE

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| Current equity market cap (EGPbn) | | | | | | 747.8 | |
|---|---|---------------|-----------|---------|----------|------------|----------|
| | | | | | | daily chg. | ytd chg. |
|  |  | EGX 30 | 11,616.13 | (0.34%) | (2.79%) | | |
| |  | EGX 30 TR | 4,587.93 | (0.19%) | (2.73%) | | |
| |  | EGX 70 EWI | 2,132.69 | (2.03%) | (3.14%) | | |
| |  | EGX 100 EWI | 3,132.78 | (1.53%) | (3.76%) | | |
|  |  | DFMGI | 3,146.67 | (1.97%) | (1.54%) | | |
| |  | ADSMI | 8,701.44 | (0.05%) | 2.51% | | |
|  |  | TASI | 12,068.43 | (0.59%) | 6.97% | | |
|  |  | QE Index | 12,523.34 | 0.28% | 7.72% | | |
| |  | S&P 500 | 4,410.13 | 0.28% | (7.47%) | | |
| |  | Dow 30 | 34,364.50 | 0.29% | (5.43%) | | |
| |  | NASDAQ | 13,855.13 | 0.63% | (11.44%) | | |
| |  | VIX | 29.90 | 3.64% | 73.64% | | |
|  |  | STOXX 50 | 4,054.36 | (4.14%) | (5.68%) | | |
|  |  | MSCI Emerging | 1,222.16 | (1.78%) | (0.80%) | | |
|  |  | MSCI Frontier | 633.46 | (2.09%) | (4.83%) | | |

| Equity turnover (EGPmn): Last, ytd avg. | | | | | | 953.3 | | 1,178.6 | |
|---|---|--------------|----------|---------|---------|------------|----------|---------|--|
| | | | | | | daily chg. | ytd chg. | | |
|  |  | Gold | 1,843.06 | 0.42% | 0.73% | | | | |
| |  | Silver | 23.99 | (1.28%) | 2.20% | | | | |
|  |  | Brent Oil | 86.27 | 0.90% | 11.92% | | | | |
| |  | WTI | 83.31 | 0.73% | 11.58% | | | | |
|  |  | Natural Gas | 4.03 | (2.21%) | 5.58% | | | | |
|  |  | USD/EGP | 15.71 | 0.03% | 0.03% | | | | |
|  |  | EUR/USD | 1.13 | (0.15%) | (0.54%) | | | | |
|  |  | GBP/USD | 1.35 | (0.07%) | (0.40%) | | | | |
|  |  | USD/JPY | 113.95 | (0.24%) | 1.08% | | | | |
|  |  | 6M TB yield | 12.10 | 4 | (63) | | | | |
| |  | 1Y TB yield | 13.21 | (0) | 44 | | | | |
| |  | 10Y TB yield | 14.72 | 1 | 33 | | | | |
|  |  | 2Y TB yield | 1.02 | 0 | 89 | | | | |
| |  | 10Y TB yield | 1.77 | 0 | 84 | | | | |
| |  | 30Y TB yield | 2.10 | 2 | 44 | | | | |

* 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 |
|--------------|--------|---------------|--|
| 25-Jan-22 | AFMC | BoD meeting | Discussing financial results. |
| 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 | UASG | BoD meeting | Discussing agenda. |
| 26-Jan-22 | ALCN | Cash dividend | Ex-dividend date for EGP0.787/share. |
| 26-Jan-22 | ALCN | BoD meeting | Discussing financial results. |
| 26-Jan-22 | MICH | BoD meeting | Follow up on production, sales and exports. |
| 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). |
| 17-Feb-22 | BIOC | EGM | Discussing the sale of some assets. |
| 23-Feb-22 | ODID | EGM | Discussing applying a reward system for employees. |
| 26-Feb-22 | SPMD | OGM | A board reshuffle. |
| 26-Feb-22 | SPMD | EGM | Amending Article No. 21 of the company's bylaws. |

7. LATEST RESEARCH

| DATE | PUBLISHED REPORT |
|------------------|---|
| 12-Jan-22 | QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth |
| 10-Jan-22 | MACROView – The Last Reading Ahead of a Cloudy Year |
| 30-Dec-21 | EGYPTCeramics – From Dusk to Dawn |
| 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 | TAKESock – Nitrogen Fertilizers Local Price Hike |



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|-----------|--|
| 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> |

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|------------------|--|
| 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> |



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|-----------------|---|
| 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>AI-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>Elsowedy 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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