

**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

## V For Value

### 1. Today's Trading Playbook

[TABLE OF CONTENTS](#)

#### KEY THEMES

Delta Sugar [**SUGR**] announced its preliminary net earnings for the year 2021. The company achieved net earnings of EGP394mn vs. net losses of EGP254mn. Management attributed the profitability turnaround to (1) Selling all of the sugar produced during 2021, and (2) Higher average selling prices. We note that we expected 2021 to be a great year for SUGR in our Trading Playbook dated 12 July 2021. We said that we expect SUGR to turn profits in 2021 on the back of: (1) starting the year with a thin inventory, (2) higher global sugar prices, and (3) expectations of lower comparative sales volumes in 2021, which will contribute to a higher ending inventory, and thus improved margins during the year. Furthermore, we anticipate that raising the price of subsidized sugar will affect SUGR's operations positively in the event that the Holding Company for Food Industries made a contract with SUGR at renewed prices. We note that, since we alluded to the stock back in July, the stock has rallied c.73%.

Elsewhere, it's interesting to look at the way to assess the value of a stock by still looking at the market price and to reverse engineer what the stock price implies in terms of valuation multiples. One of these important multiples that grab attention is the PEG ratio, which gives an indication how much of growth the market might be implying from a certain stock price. Yesterday was the first trading day for Nahr Al-Khair for Agricultural Investments [**KRDI**] which rose by 169%, implying a P/E ratio of 14x based on annualized nine-month results. If fair value was at a PEG ratio of 1, this would imply that the market is expecting 14% in earnings growth for the next few years, which only time will tell. To be fair, we see much cheaper opportunities with double-digit growth rates that wait to re-rate. We will soon be laying out our top picks for 2022 in our upcoming **STANDPoint** annual strategy note, so stay tuned.

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



## 2. TOP NEWS & ANALYSIS

[TABLE OF CONTENTS](#)

### MACRO NEWS

**Egypt aims to press ahead with stake sales in state-owned companies every month or two** and will soon classify the openness of different sectors of the economy to private investment. ([Reuters](#))

**The IMF has revised upwards its growth forecast for Egypt to 5.6% in FY22**, from its 5.2% projection made in October. ([Enterprise](#))

### CORPORATE NEWS

**Egyptian Gulf Bank [EGBE] has reported its Q4 2021 standalone results. EGBE's 2021 figures showed an increase in net income of 11.2% to hit EGP695mn powered by an increase in total assets of 11.3% y/y to reach EGP80bn. This assets increase is mainly driven by a growth of 140% y/y in interbank assets.** The bank's net interest income increased in a slower pace of 5.5% although deposits increased by 7% to reach EGP64.4bn. EGBE's taxes upped in 2021 raising its effective tax rate to 55% y/y up from 39% last year. ([Company disclosure](#))

**MM Group for Industry & International Trade [MTIE] is aiming to sell and deliver 25 fully electric I-Pace cars by the end of this year.** ([Al-Mal](#))

**Misr Italia Real Estate realized sales worth EGP6bn in 2021 and aims to achieve contractual sales of its projects worth EGP7.5bn during 2022.** The company owns land portfolio estimated 5.3mn sqm. ([Al-Borsa](#))

**CI Capital Holding [CICH] plans to offer factoring services this year.** ([Arab finance](#))

**EZDK [IRAX] has announced today the transfer of ownership related to the 18% stake at Egyptian Steel has took place yesterday on 25 January 2022.** ([Company disclosure](#))



## GLOBAL NEWS

**The Federal Reserve is expected today to signal plans to raise interest rates in March** as it focuses on fighting inflation and sets aside, at least for now, economic risks posed by the ongoing coronavirus pandemic, a bout of market volatility, and Western fears of a Russian invasion of Ukraine. ([Reuters](#))

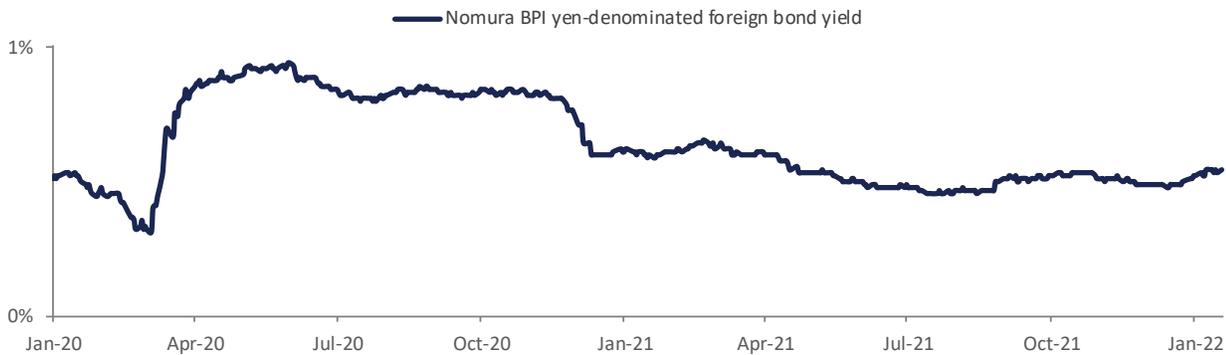
**An escalated conflict between Russia and Ukraine would likely further increase energy costs and commodities prices for many countries**, keeping headline inflation rates elevated for longer, a top International Monetary Fund official said. ([Reuters](#))

## 3. CHART OF THE DAY

### [TABLE OF CONTENTS](#)

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Sources: Bloomberg.

Sales of the yen dominated bonds have risen after the borrowers returned to the yen debt market, searching for a relatively cheaper funding. The BoJ governor has recently announced that inflation is not a problem for Japan, signaling that the bank will diverge from the hawkish pivot by many of its peers. Egypt aims to sell around USD500mn of JPY-denominated bonds in Japan by the end of June.



## 4. MARKETS PERFORMANCE

### TABLE OF CONTENTS

Current equity market cap (EGPbn)				Equity turnover (EGPmn): Last, ytd avg.						
746.0				705.5 1,178.6						
			daily chg.	ytd chg.		daily chg.	ytd chg.			
	↓	EGX 30	11,542.43	(0.63%)	(3.40%)		↗ Gold	1,848.02	0.27%	1.00%
	↓	EGX 30 TR	4,556.79	(0.68%)	(3.39%)		↓ Silver	23.81	(0.73%)	1.78%
	↗	EGX 70 EWI	2,139.89	0.34%	(2.81%)		↓ Brent Oil	88.20	(0.02%)	13.37%
	↗	EGX 100 EWI	3,141.40	0.28%	(3.50%)		↓ WTI	85.60	(0.23%)	13.55%
	↗	DFMGI	3,157.23	0.34%	(1.21%)		↗ Natural Gas	4.05	0.12%	8.79%
	↗	ADSMI	8,713.87	0.14%	2.66%	EGP	↓ USD/EGP	15.72	(0.03%)	(0.05%)
	↗	TASI	12,108.56	0.33%	7.33%	€	↗ EUR/USD	1.13	0.03%	(0.58%)
	↗	QE Index	12,548.48	0.20%	7.94%	£	↗ GBP/USD	1.35	0.07%	(0.16%)
	↓	S&P 500	4,356.45	(1.22%)	(8.60%)	¥	↗ USD/JPY	113.88	0.06%	1.04%
	↓	Dow 30	34,297.73	(0.19%)	(5.62%)		↗ 6M TB yield	12.10	4	(63)
	↓	NASDAQ	13,539.29	(2.28%)	(13.46%)		↓ 1Y TB yield	13.21	(0)	44
	↗	VIX	31.16	4.21%	80.95%		↓ 10Y TB yield	14.71	(1)	32
	↗	STOXX 50	4,078.26	0.59%	(5.12%)		↗ 2Y TB yield	1.03	1	90
EM	↓	MSCI Emerging	1,210.45	(0.96%)	(1.75%)		↗ 10Y TB yield	1.77	1	84
FM	↗	MSCI Frontier	639.62	0.97%	(3.91%)		↗ 30Y TB yield	2.12	2	46

\* 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
25-26 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	<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="#">Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</a>
14-Nov-21	<a href="#">Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</a>
10-Nov-21	<a href="#">MACROView – The Calm Before the Storm, or Maybe Not</a>
10-Nov-21	<a href="#">CI Capital Holding [CICH] – Record-Breaking Quarter</a>
7-Nov-21	<a href="#">Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</a>
4-Nov-21	<a href="#">MACROView – Underlying Strength, but Gathering Headwinds</a>
3-Nov-21	<a href="#">MACROView – Gathering Clouds</a>
1-Nov-21	<a href="#">TAKESock – Separating the Wheat from the Chaff</a>
31-Oct-21	<a href="#">TAKESock – Natural Gas Price Hike</a>
19-Oct-21	<a href="#">MACROView – The Storm Is Gone but the Headwinds Persist</a>
13-Oct-21	<a href="#">e-finance [EFIH] – An Eye-Opening IPO</a>
10-Oct-21	<a href="#">MACROView – Walking a Tightrope</a>
6-Oct-21	<a href="#">MACROView – On “Risk Control” Mode</a>
6-Oct-21	<a href="#">MACROView – The Tortuous Path to Recovery</a>



- 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 [MACROView – The Sky Is No Blue](#)
- 4-Aug-21 [MACROView – Constrained Recovery](#)
- 26-Jul-21 [EFG Hermes Holding \[HRHO\] – FV and 12MPT Adjustment to Bonus Share Action](#)
- 13-Jul-21 [Commercial International Bank \[COMI\] – Tamed Credit Provisions Spur Annual Growth](#)
- 8-Jul-21 [MACROView – Inflation Edged Up, As Expected](#)
- 8-Jul-21 [MACROView – External Buffers Still Powering Ahead](#)
- 6-Jul-21 [MACROView – A Steady and Slow Recovery in the Making](#)
- 5-Jul-21** [\*\*Abu Qir Fertilizers \[ABUK\] – Talking U\*\*](#)
- 16-Jun-21 [B Investments Holding \[BINV\] – Strong Financials, Growing Investments](#)
- 14-Jun-21 [Al-Shams Housing & Development \[ELSH\] – Earnings Flattened by Factoring Cost](#)
- 10-Jun-21 [MACROView – Inflation Risk Rising, but Still Within Target](#)
- 8-Jun-21 [TAKEStock – Telecom Egypt \[ETEL\] – Show Me the Dividends](#)
- 6-Jun-21 [MACROView – Further Enhancement](#)
- 3-Jun-21 [MACROView – Contraction Eased](#)
- 23-May-21 [Orascom Construction \[ORAS\] – Earnings Short of Our Estimates](#)
- 23-May-21 [CI Capital Holding \[CICH\] – Earnings Dented by One-off ESOP Expense](#)



- 22-May-21 [Commercial International Bank \[COMI\] – Earnings Growth Driven by Lower Provisions](#)
- 20-May-21 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Slowing Lending Inhibits Earnings Growth](#)
- 20-May-21 [EFG Hermes Holding \[HRHO\] – Recovery Signs; Back on Track](#)
- 18-May-21 [B Investments Holding \[BINV\] – Exits Kick Off, Unlocking Value](#)**
- 18-May-21 [Elsewedy Electric \[SWDY\] – Financials promise a buoyant year ahead](#)
- 17-May-21 [Misr Chemical Industries \[MICH\] – Another Chapter of Strong Annual Growth](#)
- 11-May-21 [MACROView – Inflation Eased but Stage Still Set for a Pick-Up](#)
- 9-May-21 [MACROView – Stability Prevailed](#)
- 6-May-21 [MACROView – The Road to Recovery Gets Longer](#)
- 18-Apr-21 [MACROView – Challenges Remain Daunting](#)
- 13-Apr-21 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – The Value Algorithm](#)**
- 12-Apr-21 [Orascom Construction \[ORAS\] – Rich in Value](#)**
- 11-Apr-21 [MACROView – Monthly Reading Pressured By Seasonality](#)
- 6-Apr-21 [MACROView – FX Assets Well Placed to Mitigate Potential Risks](#)
- 6-Apr-21 [MACROView – Still Downbeat](#)
- 28-Mar-21 [Taaleem Management Services \[TALM\] – Enriching the Education Sector](#)
- 18-Mar-21 [EFG Hermes Holding \[HRHO\] – Challenging Year, Yet Growth Continues](#)
- 10-Mar-21 [MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon](#)
- 8-Mar-21 [MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions](#)
- 7-Mar-21 [Al-Shams Housing & Development \[ELSH\] – Making Hay While the Sun Shines](#)**
- 3-Mar-21 [MACROView – Weak Demand Still Weighing on the Rebound Trajectory](#)
- 2-Mar-21 [MACROView – Commodity Supercycle: Real or Hype?](#)
- 1-Mar-21 [Commercial International Bank \[COMI\] – Earnings Beat Despite Higher Provisions](#)
- 25-Feb-21 [Elsewedy Electric \[SWDY\] – Strong Set of Results Driven by Turnkey](#)
- 22-Feb-21 [CI Capital Holding \[CICH\] – Got the Hit, Yet Better Than Expected](#)
- 10-Feb-21 [MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices](#)
- 8-Feb-21 [Misr Chemical Industries \[MICH\] – Annually Wild, Quarterly Tamed](#)
- 4-Feb-21 [MACROView – External Buffers Are Still Restoring Grounds](#)
- 3-Feb-21 [MACROView – A Fragile Improvement but Favorable Sentiment](#)
- 3-Feb-21 [MACROView – External Woes vs. Cautious Optimism](#)
- 1-Feb-21 [STANDPoint – Egypt 2021 Investing Playbook](#)**

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