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The Delicate Decision

1. Today's Trading Playbook

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KEY THEMES

U.S. equities gained on Tuesday, after a choppy trading session. Furthermore, Brent oil prices are now near the USD90/bbl once more, as U.S. crude inventories gave signals of strong demand and a potential lack of supply.

Here at home, we have the Monetary Policy Committee (MPC) meeting tomorrow. The endless debates about the U.S. Federal Reserve next action have made the decision of every other central bank around the world even more delicate.

While the Fed's March rate hike looks like a done deal, the CBE will likely kick off its first 2022 meeting with a cautious rate hold decision. However, we still think the CBE's preemptive tightened monetary policy will begin in 2022 – most likely in H2 2022, given what seems a more-aggressive-than-expected hawkish Fed. The MPC heads into its first meeting in 2022 this Thursday with forward-looking expectations still anchored around its target. As a result, there is still room for the CBE to maintain its current monetary stance. For more details, [please read our MACROView note published on 1 February 2022](#).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt is considering replacing a popular bread subsidy with cash payments for the poor to protect the budget from soaring global wheat prices. ([Reuters](#))

Solar plants producing more than 500 KW of power will be required to pay fees to the Electricity Ministry to help defray the costs of connecting to the national grid. ([Reuters](#))

Car sales in Egypt recorded 25.7% y/y growth, reaching 290,800 cars during the past year, compared to 231,238 cars in 2020. ([Economy Plus](#))

Suez Canal announced in a statement yesterday that it recorded revenues of about USD544.7mn, excluding navigation services, during last January, compared to USD495.7mn during the same month last year. ([Economy Plus](#))

Egypt is considering to issue 5-year or 10-year zero interest bonds in the local market according to the Deputy Minister of Finance. ([Economy plus](#))

CORPORATE NEWS

Obour Land for Food Industries [OLFI] announced that the required licenses for Obour Farm have been obtained to complete the construction of the project during December 2021. ([Company disclosure](#))

Fawry [FWRY] is awaiting the approval of the Central Bank of Egypt regarding its agreement with several banks to allow remittances of Egyptians abroad to be transferred in a momentary form at FWRY's outlets in Egypt. ([Arab finance](#))

Nozha International Hospital [NINH] reported its preliminary figures for 2021. NINH reported net profit of EGP65.9mn (+33% y/y). Meanwhile topline recorded EGP250mn (+15% y/y). NINH's GPM for the period was 35%. ([Company disclosure](#))

Central Egypt Flour Mills [CEFM] reported preliminary H1 2021/22 results, showing a net profit of EGP48.7mn (+2.48% y/y). Meanwhile, revenues increased to EGP258.5mn (+1.8% y/y), while GPM retreated to 40.85% to 42.86% in the same period last year. ([Company disclosure](#))

East Delta Flour Mills [EDFM] reported preliminary H1 2021/22 results, showing a decline in net profit to EGP48.3mn (-7.8% y/y). Meanwhile, revenues declined to EGP223.9mn (-3.1% y/y), with GPM retreating to 28.13% compared to 33.04% in the same period last year. ([Company disclosure](#))

Upper Egypt Flour Mills [UEFM] reported preliminary H1 2021/22 standalone results, showing a decline in net profit to EGP48.1mn (-0.9% y/y). Meanwhile, revenues inched up to EGP397.5mn (+10.6%y/y), while GPM retreated to 22.78% compared to 24.37% in the same period last year. On a separate note, the company's BoD approved buying two land plots in New Akhmim City in Sohag governorate to be used as a premise for the transportation segment. ([Company disclosure](#))

Al Shams Housing and Urbanization [ELSH], alongside AMG, are targeting EGP4.5bn in sales from Administrative Capital project "ORO". ([Mubasher](#))

GLOBAL NEWS

China has failed to meet its commitments under a two-year "Phase 1" trade deal that expired at the end of 2021, and discussions are continuing with Beijing on the matter, Deputy U.S. Trade Representative said on Tuesday. ([Reuters](#))

A measure of U.S. manufacturing activity fell to a 14-month low in January amid an outbreak of COVID-19 cases, supporting the view that economic growth lost steam at the start of the year. ([Reuters](#))

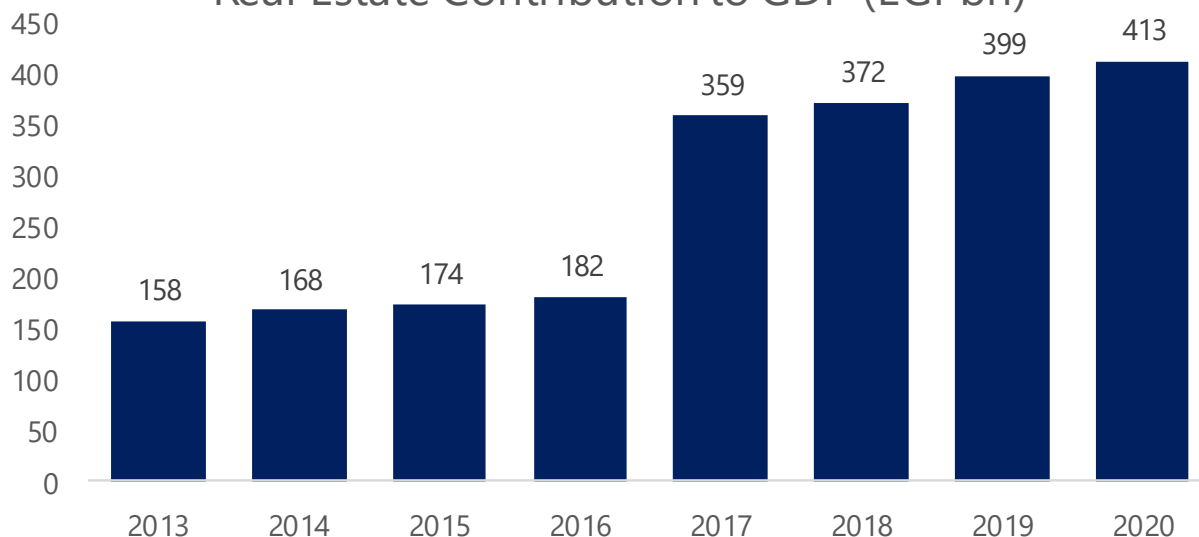
Oil prices climbed on Wednesday toward last week's seven-year highs as a draw in U.S. crude stocks confirmed strong demand and a lack of supply, but investors remained cautious ahead of an OPEC+ meeting later in the day. ([Reuters](#))

3. CHART OF THE DAY

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Real Estate Contribution to GDP (EGPbn)



Sources: statista.com and zawya.com.

The real estate activities contribution to GDP have jumped since 2017. This comes in light of spending on megaprojects and the expansion in social housing projects.

4. MARKETS PERFORMANCE

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| Current equity market cap (EGPbn) | | | | | Equity turnover (EGPmn): Last, ytd avg. | | | | |
|-----------------------------------|--|---------------|------------|----------|---|-----|------------|--------------|------------------------|
| 748.2 | | | | | 797.8 1,178.6 | | | | |
| | | | daily chg. | ytd chg. | | | daily chg. | ytd chg. | |
| | | EGX 30 | 11,603.33 | 0.98% | (2.89%) | | | Gold | 1,801.19 0.22% (1.76%) |
| | | EGX 30 TR | 4,582.67 | 1.01% | (2.84%) | | | Silver | 22.65 0.80% (2.85%) |
| | | EGX 70 EWI | 2,151.99 | 1.56% | (2.26%) | | | Brent Oil | 89.16 0.24% 14.90% |
| | | EGX 100 EWI | 3,171.23 | 1.52% | (2.58%) | | | WTI | 88.20 0.24% 17.55% |
| | | DFMGI | 3,170.59 | (1.01%) | (0.79%) | | | Natural Gas | 4.75 4.17% 32.68% |
| | | ADSMI | 8,717.29 | 0.15% | 2.70% | EGP | | USD/EGP | 15.71 0.07% 0.04% |
| | | TASI | 12,293.38 | 0.18% | 8.97% | € | | EUR/USD | 1.13 (0.04%) (0.91%) |
| | | QE Index | 12,572.55 | 0.59% | 8.14% | £ | | GBP/USD | 1.35 (0.01%) (0.08%) |
| | | S&P 500 | 4,546.54 | 0.69% | (4.61%) | ¥ | | USD/JPY | 114.71 0.35% 0.29% |
| | | Dow 30 | 35,405.24 | 0.78% | (2.57%) | | | 6M TB yield | 12.10 4 (63) |
| | | NASDAQ | 14,346.00 | 0.75% | (8.30%) | | | 1Y TB yield | 13.21 0 44 |
| | | VIX | 21.96 | (11.56%) | 27.53% | | | 10Y TB yield | 14.71 (1) 32 |
| | | STOXX 50 | 4,224.45 | 1.19% | (1.72%) | | | 2Y TB yield | 1.17 (0) 104 |
| EM | | MSCI Emerging | 1,214.01 | 0.48% | (1.46%) | | | 10Y TB yield | 1.79 2 86 |
| FM | | MSCI Frontier | 647.05 | 0.81% | (2.79%) | | | 30Y TB yield | 2.11 2 45 |

* 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 |
|-----------|--------|---------------|--|
| 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). |
| 12-Feb-22 | DSCW | EGM | Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws. |
| 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). |
| 15-Feb-22 | CSAG | Cash dividend | Deadline for eligibility for a dividend of EGP1.27/share. |
| 16-Feb-22 | CSAG | Cash dividend | Ex-dividend date for EGP1.27/share. |
| 17-Feb-22 | BIOC | EGM | Discussing the sale of some assets. |
| 17-Feb-22 | AIFI | EGM | Amending Articles No. 5 & 6 of the company's bylaws. |
| 20-Feb-22 | CSAG | Cash dividend | Date for paying out a dividend of EGP1.27/share. |
| 22-Feb-22 | ETEL | EGM | Amending Article No. 21 of the company's bylaws. |
| 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. |

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| 26-Feb-22 | OLFI | OGM | Approving financial statements ending 31 Dec. 2021 and the proposed dividends. |
| 10-Mar-22 | EGTS | OGM | Approving financial statements and other agenda items. |
| 31-Mar-22 | PACH | Cash dividend | Date for paying out a dividend of EGP0.50/share (2nd installment). |

7. LATEST RESEARCH

DATE PUBLISHED REPORT

| | |
|------------------|--|
| 1-Feb-22 | <u>MACROView – The Ripple Effect</u> |
| 31-Jan-22 | <u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u> |
| 30-Jan-22 | <u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u> |
| 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>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> |



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| 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> |

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| 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> |
| 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 [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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